

**SOCIALISM LOOKS FORWARD**

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*Class No.....*

*Book No .....*

# *Socialism Looks Forward*

*by*

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## PART I

### THINGS AS THEY WERE

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#### CHAPTER I

##### BRITAIN BEFORE THIS WAR

*What Shall We Do with Our Victory?*

WE HAVE fought this war to preserve our freedom: what are we going to do with it? What are we going to make of this country of ours after the war?

A lot of people have fought or worked pretty hard for Britain in the last five years; and a good many have died for her. As a matter of fact, practically every man and woman in Britain has fought or worked in this war. They will want a say in what is done with their victory.

It is the people of Britain who have saved her: the soldiers, the sailors, the airmen and the millions of men and women in the factories. In 1940 the people saved this country after the men who had ruled her had taken her so far down the road to disaster that it scarcely seemed possible that she could be saved. We do not mean to let Britain get into that kind of mess again, ever. To make

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sure of that some fundamental changes in how Britain is ruled, and in what kind of people rule her, will have to be made. The fact is that the tiny clique of very rich people who really ruled Britain before this war put their own narrow, selfish interests before the vital interests of the country. They showed it in a dozen ways — they were so scared of Russia, for example, that they actually helped and encouraged Hitler to rearm, because they thought he would attack Russia and not us. They can never again be trusted to rule this country. They would do the same thing again. They would let the country down for the sake of protecting their money. Henceforward the only true guardians and champions of Britain are the millions of ordinary men and women whose interests are the same as the interests of their country: who do not own thousands of pounds of capital, about the safety of which they are always worrying, and for the sake of which they are willing to let their country down.

But in order that the ordinary men and women of Britain may rule their country, some basic changes will be necessary. It won't be enough just to change the Government. We shall have to change, step by step, the economic system under which we live. For the people can only rule the country when they control its land and industries.

This book is not an attempt to work people up to demand something better after the war. There

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is no great need for that. People are demanding that already, and will do so more and more. This book tries to tell people why things were as they were before the war, and how to change them.

### *How Much Money People Had*

There were about 47 million people in Britain before the war. Just under half of them—about 20 million—earned wages or had an income of one kind or another: the rest were housewives, children, old people—dependants of the 20 million.

Just over  $17\frac{1}{2}$  million of this 20 million—nine out of ten—had incomes of under £5 a week. (And 12 million of these got little above a bare living.) You may, broadly speaking, call these  $17\frac{1}{2}$  million people and their dependants the working class, although not all of them were manual workers. Then about 2 million people got incomes of between £5 a week and £20 a week (£1,000 a year). You may call them and their dependants the middle class. And just over a quarter of a million people had incomes of over £20 a week. You may call them the rich.<sup>1</sup>

That was the way in which we divided up the national income before the war. It meant that nine out of ten of us were either wage-earners,

<sup>1</sup> Mr. Douglas Jay made one of the most careful calculations of the division of the national income before the war. These figures are from his book *The Socialist Case*. I have given figures to the nearest quarter million.

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mostly getting a bare living, and none getting more than £5 a week (or dependants of wage-earners).

### *What It Meant*

If you wish to study what dividing up the income of the country in this way meant to people, you should read Sir John Orr's official report on Food, Health and Income (Macmillan). He will tell you that before this war  $13\frac{1}{2}$  million out of the 47 million of us were gravely under-nourished. For  $13\frac{1}{2}$  million of us had less than 6s. per week per head to spend on food. And  $4\frac{1}{2}$  million of us had less than 4s. a week each to spend on food. Far worse still, a quarter of all children of the country were in those families which could spend only 4s. per person weekly on food. Hence it seems clear that at least half the children of the country came from families making up the  $13\frac{1}{2}$  millions of us who had only 6s. a week each to spend on food.

Now, children whose parents can spend only 4s., or even 6s. a week each on their food do not necessarily die. But they tend to become mentally and physically stunted.

At a teachers' conference (Conference of the National Federation of Class Teachers, September 1937) a little incident from the county of Cumberland was described. A group of children were given some eggs to eat; but they did not know

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how to eat them, never having had them before. Similarly, some children from the town of Barnsley in Yorkshire, on being offered custard, butter and bananas, refused them all, never having tasted them, and not knowing if they would be able to eat them. This was in England in 1937. It is worth remembering that we lived in a very rich country which allowed half of its children to be brought up in these conditions.<sup>1</sup>

### *Concerning a Lie*

For Britain was (and is) very rich. We were very rich in respect of the actual amount of wealth which we produced; and we were far richer still in respect of the amount of wealth which we had the power to produce. Mr. O. R. Hobson (a well-known economist) put the national income for 1932-33 (a year of extreme slump) at £3,400,000,-000. If this had been shared out equally it would have meant an income of just under £300 a year (£6 a week) for every family of four (at 1932 prices).

Such an exactly equal sharing out of the national income is not possible, and no one proposes it. But it is worth while to make the calculation, in

<sup>1</sup> We are sometimes told that all this is nothing to worry about because things are, at any rate, much better than they used to be. There is a lot to be said on both sides of that question. But in any case it has never seemed to me a very good advertisement for our economic system to proclaim that in the past it always produced results even worse than these.

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order to prove that the constantly repeated assertion that general poverty is inevitable because there is not enough wealth to go round is, simply, a lie.

Even in a very bad year before the war we actually produced enough to make it unnecessary for any British family to live in want.

### *We Could Have Far More*

All the same, it is true that the biggest possibilities of improvement lie not in sharing out the existing wealth more evenly, but in increasing that total. As I shall describe, that total could be, ought to be, and will be shared out far more equally than at present, even though exact, flat equality is not practicable, or, at our present stage of development, even desirable. But it is even more important vastly to increase the national income. And how are we to do that? Why, simply by setting on to useful work the millions who in peace-time are always either prevented from working at all, or are made to work at useless jobs. ( Of course it is a much more complicated business than that, as I shall show below: nevertheless, that is the essence of the matter.)

Remember that in peace-time between  $1\frac{1}{2}$  and 3 million (according to the state of trade at the moment) of the 12 million insured workers of Britain were kept permanently unemployed —

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producing nothing. If unemployment was as bad amongst the 9½ million uninsured workers, that means that between 2½ and 5 million potential wealth-producers (out of 20 million) were kept permanently idle. Say (to be on the safe side again)<sup>1</sup> that an average of 3 million wealth-producers out of the 20 million, or one worker out of every seven, were kept idle all the time.

Well, for a start, let us put them on to work. Then there are the probably even larger number of workers who (through no fault of their own) are made to do fundamentally useless jobs; jobs which, as I shall show below, are really only "made work" — work made necessary only by the extremely peculiar way we arrange our economic life in peace-time. All these millions of workers—for there are millions of them—are available for increasing the national output of real wealth.

### *How Much More?*

In Britain we have no estimate of exactly how much we could produce in peace-time if we all worked steadily, using the marvellous machinery of the present day, our fertile land, and the wonderful reserve of skill in our people, to the full, year in and year out, to produce wealth. To make such an estimate would be quite a possible job;

<sup>1</sup> Unemployment was on the whole lower amongst the uninsured workers. On the other hand, this calculation takes no account of enforced under-employment, short time, etc., etc. And this was often very large.

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but it would be a big job, needing the services of a hundred or so skilled statisticians for many months. For it involves making estimates of the productive capacity of all the factories, mines, farms and other productive assets of the country. So it would cost a fairly large sum of money. And, naturally, the people who have got the money have no inclination to have such an estimate made; for they know that it would show up the criminal waste of productive resources caused by our existing economic system.

In America, however, such an estimate did actually (by a queer accident) get made. It is an authoritative job, and the results were published in a book called the Report of the National Survey of Potential Product Capacity.<sup>1</sup>

The conclusion was that America in 1930 could have produced enough wealth to give every family of four an income of £915 a year (nearly £20 a week) at 1929 prices! (And in proportion for larger and smaller families, of course.)

Now, it may be said that we could not produce as much wealth as that per head in Britain. I'm not so sure about that myself. I think British labor is in some respects quite as efficient as American labor. But let us say that a British estimate would show that we could only produce enough to

<sup>1</sup> Prepared under the sponsorship of the New York City Housing Authority and Works Division of the Emergency Relief Bureau, City of New York. Published by William Hodson, Emergency Relief Bureau, and G. Langdon Post, Chairman New York Housing Authority, 1935.

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give £750 a year (£15 a week) to every family. Even if this wealth was not distributed exactly equally—more being earned by skilled than by unskilled workers, for example—it would still mean complete comfort and security for all.

### *What We Produce in War-Time*

But we have now got a far better proof of our immense productive capacity than can be given by any theoretical estimate. We all know the difficulties and defects of our war-time productive system. Nevertheless we now know what the British people can do when they are really able to get down to it in the way of production, without any man-made obstacles such as slumps or unemployment, and without the worst examples of big business peace-time restrictions on production, to hamper them.

For think what we have done in these last five years of war! First we have taken four or five million of the cream of our manpower—our young men (and to a lesser extent our young women) and put them into uniform. In uniform their job has been to fight, or to help those who were fighting, so they have been able to produce nothing. Next, we have taken almost all of the rest of our best workers, with all our most modern plants and equipment, and turned them on to war work of every conceivable kind. Their job has been to pro-

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duce munitions and war equipment of all sorts. And they have produced them. Out of our shipyards have poured battleships and aircraft carriers and cruisers and destroyers, and corvettes and submarines, and merchant ships, too, to help to replace the four or five ships a day which the U boats were at one time sinking. Out of our aircraft factories have rolled the fighters and the bombers. Just one fact in this field. During 1943 our published losses, sustained mainly in our bomber offensive against Germany, were almost exactly 2,000 bombers. Yet at the end of the year we had a much larger force of bombers than at the beginning! Think what that alone means in productive effort. Have you ever seen a heavy bomber being made? Have you ever seen the almost unimaginable complexity of its four huge engines, its wiring system, its instruments, its radio devices? Well, in the course of smashing up Germany's industry we lost 2,000 of them in one year, and more than replaced our loss. For none of these bombers were imported from America. And the same thing, in greater or lesser degree, is true of our output of tanks and guns and of every other kind of weapons of war.

The point I am making is this: after all that—after we had taken four or five million of our best workers right out of the productive system, after we had put almost the whole of the rest of our resources in machines and man and woman

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power into war production—we were still able to feed, clothe, house and generally support ourselves not too badly. Of course we have been very short of lots of things: of lots of attractive kinds of foods, of nice clothes, and—far more important, of course—of new houses. How could it be otherwise, when we were giving everything to a desperate war? But the staggering—and terribly sad—thing is that lots of people have actually been better off in war than in peace-time. Although there has been little enough to buy in the shops, their money has been coming in for certain every week, and, owing to rationing, they have been sure of getting their share of whatever there was. What a comment that is on the sort of way we organize—or disorganize I call it—our economic life in peace-time!

This, then, is the true measure of what we could do in peace-time. Imagine the standard of life and the security which we could all have had in the past five years if all the men and women in the Services plus all the men and women, the machines and the productive facilities on war work, had been producing peace-time goods and services. Think of the houses we could have built with the same work which went into warships; think of the labor-saving devices, the electricity, the gas cookers, the refrigerators, the clothing, the better foodstuffs, the transport and educational facilities and the thousand and one other peace-time goods

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and services which we could have had for the same number of hours of work which went into those 2,000 lost bombers (and all the others which we didn't lose), and the tanks and guns, etc., etc., which we have had to build in the last five years!

Naturally there are some qualifications to that. We can't and won't go on working as long hours in peace-time as we've done in war: several hundred thousand married women will devote themselves to their families instead of to industry; we shall have to pay by exports for some of the imported food, etc., which America has sent us under Lease-Lend for nothing (on the other hand, we ourselves have sent America, Russia and our other Allies a good deal of stuff for nothing). We have let some of our housing repairs slide. But all these are rather small qualifications, after all. The broad fact is this:—

How can anyone possibly deny that even two-thirds of the productive effort which we have made during this war could end all poverty in Britain? As a matter of fact, I can call a very unexpected witness as to the possibility of enormously increasing production in Britain. Mr. Neville Chamberlain, the Conservative Prime Minister in the immediately pre-war years, described to the House of Commons (June 23rd, 1933) how "production in these modern conditions could almost at a moment's notice be increased to an almost indefinite extent". I don't go as far as

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that myself! But Mr. Chamberlain's conclusion from the fact that production could so easily be increased was that it would be "absolute folly" to let production "go on unchecked". Absolute folly for whom? Not, surely, for the nine-tenths of us who desperately need the things which Mr. Chamberlain admitted we could so easily produce.

After the tremendous productive achievement which the people of Britain have made in this war, no one can ever again deny that our modern powers of production could give every family in Britain a decent, secure standard of life from henceforward.

Then why did nine-tenths of us live in totally unnecessary poverty and insecurity before this war? It is worth while taking a lot of trouble to find the answer to that question, because if we don't find it we shall find ourselves being quietly pushed back into the same old conditions again.

## CHAPTER II

### THE SECRET IN THE PAY ENVELOPE

#### *How Did It Happen?*

WHY DID we live in the poverty and insecurity about which I have given just a few of the basic facts and figures in the last chapter? For, as everybody can see now, we could easily have produced enough and to spare for all.

One of the biggest reasons was this. Very few of the nine-tenths of us whose interest it was to change things had grasped that our economic system was at the bottom of the trouble. They looked on unemployment, short time, low wages, insecurity, and all the other ills of working-class life as something inevitable, which they didn't know how to alter. Isn't it about time we all made the effort to grasp what is wrong with our existing economic system? For we shall only be able to change it when we understand it.

#### *What Are Wages?*

We saw in the last chapter that before the war nine out of ten of us got incomes of less than £5 a week—or were dependants of someone who got

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less than £5 a week. It is also true that nine out of ten of us were wage-earners or dependants of wage-earners. The census of 1931 (which put the working population at a slightly higher figure than Mr. Jay did) showed that 19 million, out of a working population of just over 21 million, were wage-earners. Of the remaining 10 per cent of the population who had incomes, a million and a quarter got their living by working for themselves (in small shops, garages, and one-man businesses of all sorts) and a million and a quarter got their living by employing other people to work for them. This is really the more important way of dividing up the working population if you want to find out how the economic system works. You need to notice not only how much each class of the people gets, but also the source from which they get it—whether from wages, from working for themselves, or from employing other people to work for them. And the thing to remember is that nine out of ten of us in Britain today live on wages, or are dependent on someone who is living on wages. (For it is certain that this proportion hasn't changed much since the war.)

But what are wages? What is this sum of money which we find when we look into the pay envelope at the end of the week? This, to be sure, is the money we use to buy food and clothes and fuel and to pay the rent—to live on. But where does it come from? What makes it sometimes get big-

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ger and sometimes smaller? And what sometimes makes it stop coming altogether?

When we have found the answers to these questions, we shall be in a position to understand the puzzles of our times. That pay envelope contains, not only our livelihoods, but the secret of the whole economic system.

### *Why Live on Wages?*

Nine-tenths of us live on wages. But that wasn't always so; nor is it so in many parts of the world today. We are nowadays so accustomed to wage-earning as the only possible way of life for the great majority of us that we find it hard to realize that long ago in Britain, and in many other countries even today, only quite small parts of the population have lived or live on wages. Why, then, have wages become the essential means of life for nine-tenths of us? How, for instance, did many of our great-grandparents live, if not by earning wages?

They lived by working for themselves. They had a few acres of ground and cultivated it. Or they had a hand-loom and wove cloth on it. Or they had a forge and shod horses in it. A few people (a million and a quarter, or 6 per cent of the working population of Britain) still live, I repeat, like that. They have a one-man shop, or a little garage, or a small holding of land. But there are not many

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of them left. So the rest of us work for wages. (Except those million and a quarter people who do not work for themselves, nor for wages, but for whom we work; more about them below, however.)

### *Why Can't We Set Up for Ourselves?*

Nowadays most people take it for granted that the only way to get a job is to get someone to employ them. And so it is. But why? Why can't all those who are out of a job just "set up for themselves" in business of some sort? Why can't they start weaving cloth or shoeing horses, or farming land for themselves, as their ancestors did?

Well, you know the answer. They can't get any land to farm; they can't get a forge (and there are precious few horses left to shoe!). They might find an old hand-loom in some attic. But, if they did, they could only weave cloth on it at about ten times the cost of the cloth produced by the great power-looms of the Lancashire mills. Every now and then some worker can somehow get hold of a little shop and set up for himself that way.<sup>1</sup> But that isn't easy, and it is becoming more and more difficult. Woolworths, and Marks and Spencer, and the International, and the other chain stores, are just round the corner.

<sup>1</sup> Over a quarter (27 per cent. to be exact) of these 1,200,000 odd "workers on their own account" are one-man shopkeepers (Census figures).

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### *No Capital?*

And so it's work for wages for nine out of ten of us. It is work for wages because the means of work—the tools of the trade, the raw materials, the land—are out of our reach. We haven't the capital to buy these things, without which we cannot set up in business for ourselves.

These things—the land, mines and factories—the capital of the country—have got out of our reach. Where have they got to? They have got into the hands of a smallish class of people, commonly called capitalists. These are the million and a quarter people of whom I spoke just now as being recorded in the census of 1931 as neither working on their own account nor working for wages. Naturally there are more of them than that, because this is the number of people who do work themselves, by way of management and supervision, even though they employ wage-labor. And many of the people who own capital do not work at all.<sup>2</sup>

I will repeat these figures, because they are very important. The people of this country can be divided up into the above three groups, or classes, according to their way of life. There are the 19 millions (and their dependants) who work for wages. By and large they have no appreciable

<sup>2</sup> On the other hand, this group includes salaried managers, some of whom may have no ownership of capital.

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capital. Then there are the million and a quarter (and their dependants) who work for themselves. They have just enough capital to make them independent and able to work for themselves; but they do not have enough capital to be able to live on other people's work. Then there are the million and a quarter (and their dependants); and they have enough capital to make other people work for them.

### *Who Owns the Capital?*

Now we shall be told that all this must be very distorted; that everybody knows that nowadays the ownership of capital "is widely diffused throughout the community". It just isn't true. For instance, the death duties figures show that four out of five people (excluding minors under twenty-five) die in Britain with property of less than £100.<sup>1</sup> That standard work, *The Distribution of the National Capital*, by G. W. Daniels and H. Campion, shows that 6 per cent of the population own 80 per cent of the capital of the country.

<sup>1</sup> Moreover, by no means all property is capital. Capital is, roughly speaking, property that carries an income with it. And a great deal of small property—such as a house you are living in, or furniture—carries no income with it, and so is not capital. This does not mean that all the nine-tenths of us who live by working for wages—or even the three-quarters of us who, when we die, have less than £100 of property—have *no* capital, or income-bearing property. Many wage-earners have something—say £30 or £40—put by in war savings certificates or the Post Office, or the Co-op. or a Building Society, or own the whole, or a part of the house in which they live. But the point is that they have too little capital to live on; too little capital, that is to say, either to set themselves up in business, or to invest in someone else's business and live on the interest. So they still have to work for wages. They are still dependent for their livelihoods on getting someone to employ them.

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However, to be on the safe side, let us assume that the whole of what we called the middle class in Chapter I—i.e., people who had incomes of between £250 and £1,000 a year, own some appreciable amount of capital. It is quite wrong to do so, but let us give this huge margin to those who claim that capital is widely distributed. Let us put this class of 2 millions with another million and three-quarters of dependants, plus the tiny class of real capitalists and their dependants—there were only just over 100,000 people with incomes of over £2,000 a year—at 4 million people. It is absolutely safe to say that ownership of appreciable amounts of capital<sup>1</sup> was in Britain before the war confined to this class of at the outside 4 million persons—or under 10 per cent of the population.

It is into the hands of these 4 million people that the capital of the country has got. And without the use of the capital of the country, without the use of its land, mines and factories, the other 43 millions of us cannot get our livings<sup>2</sup> (I am taking the total population at 47 million, to the nearest million).

<sup>1</sup> Of amounts of capital, that is to say, which even help appreciably to free their owners from the necessity to get someone to employ them. No reliable figures on the distribution of capital since the war are available.

<sup>2</sup> It would take too much of the space of this little book to give the detailed figures from which the estimates in these two chapters are derived. But if anyone doubts them he has only to look up the matter for himself. The two best and most up-to-date surveys of the situation are G. D. H. and M. Cole's *The Condition of Britain* and Douglas Jay's *The Socialist Case*. Both these works draw largely from Colin Clark's two authoritative books, *National Income and Outlay* and *The National Income*.

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### *The Four and the Forty-three*

That is why nine-tenths of us now have to live on wages: that is why we have to get someone to employ us, before we can work. This is the all-important fact about the present condition of our country. The capital of the country—the factories, mines, railways, land, buildings, docks, machines, ships, shops, stocks or raw materials, and the like—without which we cannot get our livings, has got into the hands of under 10 per cent of the people. This makes the other 90 per cent of us dependent on that 10 per cent. We have to get a job to live, and the jobs are given out by those who own the capital. We are dependent on these 4 million people to employ us.<sup>1</sup>

This is not a fancy picture; this is not a theory; this is not an idea. It is a plain, simple undeniable fact.

### *As Bad As It Sounds*

You would not think that this plan of making the 43 millions dependent for their very livelihoods on the 4 million was a very good one, at any

<sup>1</sup> It is true that an appreciable amount of capital is now in the hands of public authorities. But that does not necessarily mean that those of us who work for public authorities are not working for the 4 million. For in many cases, as in the case of the London Passenger Transport Board, the 4 million own debenture shares in the public authority and have a legal right to draw dividends from it.

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rate for the 43 millions.<sup>1</sup> You would not suppose that it made our country a very just or happy place. It did not. The truth is that our beloved country came near to being ruined because of the fact that virtually all its capital had got into a very few hands. For that in turn created totally unnecessary poverty and injustice, a half-hidden tyranny necessary to maintain that poverty and injustice, and finally the hypocrisy necessary to conceal that tyranny.

It is true that for many years now the British people have waged a steady struggle against these conditions. And they have won many valuable things: they have won the right to vote, to form Trade Unions, and other important rights. But they have not won back the capital of the country. Now, the economists call the capital of a country its "means of production". And without the means of production men can only earn their livelihoods by permission. And so, in spite of their rights, in spite of democracy, in spite of their political freedom, in spite of Trade Unions, and in spite of huge technical progress, the mass of the British people have remained dependent; and because they have remained dependent they have remained poor.

<sup>1</sup> I have been so much on the safe side by putting the number of people who own appreciable amounts of capital in this country as high as 4 million that I am forced to include in the so-called "capitalist class" many middle-class people who, though they are amongst the 4 million, have their real interests and, in many cases today, their sympathies with the 43 million. I hope readers of this book will remember that throughout the rest of what follows.

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That is the answer to the question which I asked at the beginning of this chapter; that is why nine-tenths of us have lived in totally unnecessary poverty and insecurity. We have done so because we have become dependent for our jobs on the other tenth; and naturally they haven't paid us a penny more than they need.

### CHAPTER III

## WHAT KEEPS WAGES DOWN

NINE OUT of ten of us live on wages because almost all the capital of the country (which means the land, factories, machinery, railways, etc. — the "means of production") has got into the hands of the other tenth. So we can't work unless they employ us; for they own all "the means of work."

Now let us see what settles the size of the wages which the employers pay us. We shall find that, however much we produce, we shall (unless we struggle and organize) get no higher pay. That is the thing which has kept us poor in the midst of the plenty that is so obviously possible in the modern world. So it is very much worth while to make the effort necessary to understand how the present economic system works.

### Are You a Commodity?

In the year 1914 the Congress of the United States, in its wisdom, passed the Clayton Act. This Act contains the following declaration:

"The labor of a human being is not a commodity or article of commerce."

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To this declaration the short answer is the rude, crude, but expressive American phrase, "Oh yeah?" For under our present economic system a commodity is just precisely what human labor is. A commodity is, briefly, something which is bought and sold. And your labor, and my labor as a writer, are, as we both know extremely well, bought and sold every week on the markets of the world; unless, indeed, we cannot find a buyer, in which case it is very much the worse for us.

Now, there is a real sense in which our work, or more exactly our capacity to work, is our very selves. Human beings can only live by working.<sup>1</sup> In a sense, then, when people buy and sell, not merely the products of their work, but their actual, innate, capacity to work, they buy and sell themselves.

Consideration of this fact of the buying and selling of human labor will lead us to an understanding of what wages are. This is the key to the secret in the pay envelope.

### *Money for Nothing?*

Your wages are, I hope, coming in each week. That means that somebody gives you, say, £2, or £3, or £4, or £5, or £10; or whatever it is, each week. But is this money a free gift? No, by Jove,

<sup>1</sup> Or, of course, by getting other human beings to work with them.

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you will say, it is anything but that. But if it isn't a gift, it must be given in exchange for something. It must be given you in return for something you have given to your employer. Of course, that is just what wages are. They are a payment in return for something we have given our employers. And that something is, precisely, our capacity, or power, to work for so many hours during the week. Our wages are paid us in return for the work we have put in during that week. It does not matter what kind of work it may have been—whether we have used our hands or our brains, whether we have driven quill or motor-lorry, whether we have hit a typewriter or an anvil, whether we have worked in factory, in office, in mine or in field. Whatever the kind of work may have been, it—so many hours of it—is what we have given to our employers in return for the money in the pay envelope.

### *How Much?*

At last we come to the ticklish question of what settles the amount of our wages. How much are we to get in return for so many hours of our work? What, in other words, determines the rate of our wages?

At this point in the argument there rises one unanimous cry from our employers: "We give you

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the full value of your work; we pay you what your work is worth, no more and no less."

Well, we all know better than to answer our employers back. Therefore, for the moment at any rate, let us accept their account of the matter. Let us agree that our employers pay us the full value, no more and no less, of the work which we have done for them.

But what is the value of our work? What determines the appropriate payment for, say, fifty hours a week of weaving, of coal-mining, of type-writing, of clerking, of navvying or of filling shells, or what you will? Why, the value of fifty hours of labor will be settled in just the same way as the value of anything else. It will depend on what it costs to produce fifty hours of labor.

### *Why Pay More?*

That is a curious expression, you will say. What on earth do you mean by talking about what it costs to produce fifty hours of labor? Why, I mean what it costs to keep a man or a woman in a fit state to do fifty hours of labor. In other words, if an employer wants fifty hours of labor done for him in his office or his mine or his factory, he has got to pay enough to produce that fifty hours of labor, or, more exactly, to produce a man or a woman capable of performing it.

To be plain, he has got to pay enough for a

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man or woman who is capable of doing the job to live on, and to produce another man or woman capable of doing the job in the next generation. That is the value of labor. To prove it, look at it from the employer's point of view, and ask this simple question: Why pay more? Why pay more than enough to secure a supply of the article required? The article required is fifty hours of work. Such and such a number of shillings per week will enable a man or woman to furnish that number of hours of work. Why pay more? As a matter of fact in a competitive industry the employer will probably not be able to pay more even if he wishes to: for if he does so someone else will pay less and undersell him.

### *A Shortage of Labor?*

But, you object, am I not looking at the thing in a very onesided sort of way? What happens if there is a shortage of labor? What happens if there are so many employers, with so much work to offer, in proportion to the number of workers available, that there is a labor shortage? Then, of course, the fact that a given sum—say, 45s. a week—is enough to keep a worker and his family, will not prevent the actual amount which the employer has got to pay from rising much higher. For the employers will begin competing with each other for the limited amount of labor

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available. The value of labor will still be 45s. a week. But that will now be unimportant. For the price of labor will be driven far above its value by the effect of the employers' competition.

Moreover, you will say, is not this very likely to happen? I implied in the last chapter that capital was piling up in the hands of the employers. But capital consists in the factories, mines, offices, shops, railways and all the other means of production listed above. Will there not soon get to be so many of these means of production that there will not be enough workers to keep them all going? Not enough miners to man the mines, not enough office workers to sit at the desks, not enough factory workers to keep the machines running? And will not that bring a happy time when we can raise our wages indefinitely by making the employers compete for our services?

### *The Catch In It*

It is obvious that there must be a catch in it somewhere. Or else this happy state of things would have come about long ago. Capital has been piling up for several hundred years now, and yet, far from there being a labor shortage, unemployment was worse between the wars than it had ever been before! Even in the booms, when unemployment ought to have disappeared altogether, there were still almost a million and a

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half registered unemployed. And in every slump the figure went up to two or three millions. Not much sign there of a labor shortage forcing the employers to bid up wages!

Well, we all know one reason why it does not happen. It does not happen because of mechanization. Just as fast as capital piles up; just as fast as new factories, mines and docks come into existence, new machines are invented which dispense with labor. There are hundreds of times more means of production in existence than there were; but these new means of production each employ a hundred times less workers. Therefore the demand for labor does not go up in anything like the proportion that capital accumulates. There are other reasons too, such as the growth of monopoly, with which we shall deal in a minute.

This is the simple secret of why that longed-for time when the demand for workers shall be so strong that wages will rise of themselves, seldom or never comes about. On the contrary, what does happen, as we all know only too well, is that there is almost always a pool of millions of unemployed desperately striving for jobs. This means that far from the competition of the employers forcing wages up, the competition of the workers for the available jobs is always tending to keep them down to the minimum. In fact this is so strong a tendency that if it were not for the pressure of the workers' organizations it is doubt-

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ful if the standard of living would have gone up at all. And that minimum is just what I have defined above—namely, what will keep a worker and his family in such a condition that he can do his job.

### *Skilled and Unskilled*

Observe the way I have put the matter in that last sentence. The employer has got to pay the worker, no matter how much competition for jobs there may be, not merely enough to keep him alive, but enough to enable him to do the particular job which the employer wants to get done. This is, basically, what accounts for the different level of wages for different jobs. A skilled worker gets considerably higher pay than an unskilled. At bottom, this is because it takes more to produce a skilled worker than an unskilled; he has got to be able not only to read and write, but, in engineering, for instance, to read and understand a complicated blue print. For most skilled jobs nowadays the worker has got to have his mind as well as his hands developed to a relatively high degree. This means that your skilled worker is a more costly product than your unskilled. Naturally, therefore, the employer has to pay more for him.

### *What Is Subsistence?*

There is another point. In particular countries

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and at particular times a definite idea grows up amongst us as to what is the minimum standard on which a family can live. Now, human beings can live, in the literal sense of keeping alive, by feeding on a handful of rice a day, and sleeping in a one-roomed hovel, as they are forced to do in the East. In such conditions, it is true, they do not live very long, and they cannot do very heavy work; but they can keep alive long enough to breed children to succeed them.

Now, even apart from the need of the British employers to get heavier and more skilled work done, British workers cannot in practice be driven down to such coolie standards as these. A fixed idea has grown up in this country—due again mainly to the struggle of working-class organizations—as to what is the least people will work for. And British workers literally will starve, as they have done in many great struggles, for many weeks at a time, rather than take less than this minimum amount. Therefore wages in Britain cannot be driven down below a certain partly conventional level. Or rather, it could only be done over a long period and by changing the whole national conception of life.

So you must not think, when I talk of the subsistence wage, that I necessarily mean what will buy just enough bread or rice to keep body and soul together. I mean rather the minimum standard which people will tolerate in this country at

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the present day. The facts and figures I gave in the first chapter show clearly enough how low that standard is. It involves chronic ill health, from malnutrition, for a substantial proportion of us. But there is no denying that it could be lower still without actually killing people off before they had produced children to succeed them.

### *The Worker's Reaction*

This idea of the minimum, or subsistence, level of wages being different according to the historical circumstances—the whole traditional way of life—of a country is bound up with the power of workers to prevent wages being driven down to the sheer physical minimum which will keep body and soul together. The idea that there is a minimum below which British workers will not go has only been established by persistent Trade Union and political action. Sometimes, for some workers, Trade Union and political action has kept wages perceptibly above even the traditional minimum which has grown up in their country. This is why Trade Union and political activity on the part of workers is so constant and so necessary.

Accordingly, this explanation of the “economic laws,” as they are called, which determine the rate of wages, must on no account be understood as suggesting that wages must go down to the

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subsistence level whatever the workers do, and that, therefore, Trade Union and political activity is useless. Just the opposite. The point is that this explanation shows what will happen to wages unless the workers take up Trade Union and political action. It shows that there is a perpetual and very strong tendency, inherent in the very nature of the present economic system, driving wages down towards the subsistence level. It is precisely the existence of this tendency which provides the necessity for vigorous action on the part of workers to combat it.

### *Nothing to Do with What You Produce*

Wages, then, unless we interfere vigorously with the way the system works, will always be kept down to the minimum possible level. Rising production of wealth will have no tendency, even, to raise them. Let us above all get this fact clear, for unless we do so we can understand nothing more.

The amount of money in that pay envelope does not depend on how much the worker produces.<sup>1</sup> It depends, as we have seen, on the actual value of labor—i.e., on what is the subsistence level as defined above, or on the capacity of the workers, by Trade Union and political activity, to force wages a bit above this level. Neither of these

<sup>1</sup> The question of piece rates is discussed below, see p. 41.

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factors has anything to do with how much the worker produces.

Let us say, for example, that the worker during his fifty hours of work, which he has sold to his employer in return for his wages, is able, as he easily may be when working with modern methods of production, to add £10 to the value of the stuff on which he is working. This will not increase in the slightest the cost of producing his fifty hours of labor. It will still be just as cheap as before to keep a working-class family. And there will still be just as many workers wanting jobs. Therefore the worker will still be paid his subsistence wage of £2 or £3 or £5 a week, in present-day British conditions, or as much above as his bargaining power can get. The essential point is that the fact that he produces £10 worth of stuff in his week's labor has nothing to do with it. If £5 a week will keep him in condition to do his job and to rear his family, why should the employer pay more?

### *Piece Rates*

Stop a moment. We have just seen that the level of wages depends on several factors, but not in the least on how much the worker produces. If he doubles his production, that is no reason why his wages should increase by a single penny.

Now, that must sound peculiar to many work-

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ers. For an individual worker's wages often appear to depend on how much he produces. This is so, of course, for every worker who is paid by piece rates. But we are not talking of the individual worker's wage, but of the general level of wages. And it is just as true for those of us who are paid piece rates as for those of us who are paid by time, that our wages do not, in the last resort, depend on how much we produce. For though the amount any given worker on piece rates takes home will depend on the amount he produces, the very piece rates themselves will have been set by bargaining between the employers and the workers. And it is on these piece rates that the level of wages of all the piece workers will depend. Thus the general level of wages paid on a piece-work basis is found, on examination, to depend on the same factors as wages paid by time—namely, on the subsistence rate for that time and piece, and on the workers' bargaining power.

## CHAPTER IV

### WHAT THE FOUR MILLION GET OUT OF IT

#### *The Surplus*

WELL, THEN, look where we have got to. The worker, say, is paid £5 a week (I am taking these figures just for the sake of argument), and adds £10 to the value of the stuff on which he is working. What happens to the £5 difference between what the worker is paid in wages and the amount of value he has added to the raw material? The £5 goes to his employers.

It is quite true that these employers cannot keep all of it. All sorts of other people get a whack. Very often, for example, the employers have to pay rent to some landlord who owns, say the land on which the factory is built, or the land under which the mine is worked. Then again, all sorts of merchants and their dependants who buy and sell the goods, and thus, after a fashion, distribute them throughout the country, are able to get a slice of the £5. But it does not matter so much how the difference, or margin, or surplus, between what each worker produces and what he gets, is split up between employers and landlords and merchants, and all the rest of

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them. This point is that this difference is what all the non-workers (the 4 million as opposed to the 43 millions) live on.

This is what we often call profit; but it is really rent, interest and profit. It is everything the worker does not get. It is the surplus, over and above what the 43 millions must have in order to live. Now, two questions arise here. First, what do they (the 4 millions) do for this surplus? Second, what do they do with it?

### *What Do They Do for It?*

Nothing is dinned into our ears more insistently than that the owners of capital and their friends earn every penny they get. The economists in particular never tire of telling us that the owners of capital work just as hard as we do. Or, alternatively, if they cannot be observed to be working, the economists tell us that they perform unseen services, which it is absolutely necessary for us to recompense with this surplus.

An economist called William Nassau Senior (he was my great-grandfather, as a matter of fact) invented this line of talk exactly a hundred years ago. He, and most of the economists of his time, said that the employers and their friends had to be rewarded with rent, interest and profit, in order to induce them, first to accumulate their capital, and then to abstain from spending it all

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at once. These valuable citizens "abstained," said Senior, both from spending their incomes and from selling their existing factories and mines and "blueing" the money that this would give them, on wine, women and song. A reward, or, as he put it, a wage, for this "abstinence" must be given to them. If we were so rash as to stop paying them this reward, they would stop saving up part of their income and so accumulating new capital, and might even start selling their existing capital.

But my great-grandfather excepted all inherited capital from this argument, because even he could see that it was rather difficult to claim that we owed a man so many thousand pounds a year for accumulating capital which he had simply inherited from his father. As time went on inherited capital became such a predominant part of all capital that this exception really destroyed the whole force of "the wages of abstinence" argument, as it was called. (Mr. Wedgwood in his standard work, *The Economics of Inheritance*, has calculated that even before the end of the last century two-thirds of the national capital was inherited. The proportion is clearly higher today—perhaps as high as three-quarters.) So the economists gave up using my great-grandfather's line of argument, which had served them well enough in its day.

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### *They Have the Audacity . . . !*

Nowadays the economists at the Universities do not seek to justify rent, interest and profit in this way at all. Some of them have the audacity to say that the very fact that we pay vast sums by way of rent, interest and profit to the people who own the capital of the country proves that these people have earned it! For, say the economists, people are only paid for doing some indispensable service to production. Therefore the capitalists must be doing something absolutely indispensable, or we should not pay them all this money.

This remarkable argument has really nothing to do with the case. The point at issue is simply this: Do the owners of capital and their friends earn their vast incomes, or have they managed to get some hold over the rest of us which forces us to pay a tribute to them? Therefore for the economists to say that the fact that these sums are paid proves that they are earned, is simply begging the question at issue.

### *What Kind of Work Do They Do?*

Of course, in the case of the old-fashioned capitalists, who not only owned their works, but managed them themselves, their work was of real use. There are a few of these left, but in this

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epoch of Joint-Stock Companies they are a small minority. Such capitalists very likely pay themselves a manager's salary, and this salary they may quite likely earn. But they earn it, not as capitalists, but as managers. And they could be, and in the great majority of cases have been, replaced by a manager earning a salary or wage.

But there is another group of capitalists who undoubtedly work very hard. They go down to their offices in the city, or to their directors' rooms at the factories, or to their bank parlor, and sit there all day. When they come home in the evening they are often tired out. They feel that they have been working tremendously hard; and so, no doubt, many of them have. But the question to ask these gentlemen is this: Has the work which you have been doing been indispensable—or even of any value—to the job of getting wealth produced? And the answer is, no.

For what these capitalists have been working at is the job of laying out their capital to the very best advantage to themselves. They have been working at using their capital resources in the most profitable way they possibly could. And undoubtedly, if one has got big capital resources to handle, it is a very tiring and anxious job to find exactly the way to use them that will bring in the very most profit to oneself. This is the kind of work which, the economists imply, entitles the capitalists to receive their vast incomes.

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### *The Toll-gate Owners*

I recently saw the answer to this claim put very well by one of the few economists (Mr. Maurice Dobb of Cambridge) who does not play the game of explaining how necessary it is to give our employers the whole vast difference between what we produce and what we get. Dobb put it like this. Let us imagine a country in which all the roads had toll gates across them (although the roads were maintained at public expense, as at present). Let us suppose that the toll-gate owners lived by their gates, and when the lorries, the carts and the cars came down the roads, they ran out to their gates and opened and shut them, while collecting substantial fees for doing so. The economists, Dobb suggests, of such a country would certainly say that the toll-gate owners were earning every penny of their incomes. They would point to the fact that they were working very hard, going out in all weathers to open and shut their gates and let the traffic through, on payment of the established fees. All this activity, and the very size of their fees, proved, the economists would say, that these hard-working toll-gate owners were absolutely indispensable; that the country could not carry on at all if it ceased paying large incomes to these deserving citizens. And if anybody asked whether the traffic would not run just as well, or better, if there weren't any toll

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gates at all, and their owners were made to earn their livings by driving cars or lorries like everyone else, he would be told not to ask impertinent questions.

Here we see that the fact a man works, and is paid a very big income for that work, does not in the least prove that his work is of the slightest use. It may merely be that the laws have given him a right to levy a toll or tribute out of wealth produced by the workers of his country. It may be that he works very hard levying his toll or tribute. It may be that he spends sleepless, anxious nights devising ways and means by which he can prevent anybody getting out of paying his toll. But if his toll were swept away, the work of the country would go on, not merely just as well as before, but far, far better.

### *What Do They Do with It?*

The second question is: What do the employers and their friends do with the vast sum of rent, interest and profit, which they do not earn, but which they are paid? There are only two things which they can do with it. They can spend it, or they can save it. Let us see what are the consequences, first, of their spending, and then, of their saving.

### *If They Spend*

The money which they spend goes to buy all

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sorts of luxuries. Some of these luxuries are goods such as Rolls Royce motor-cars or yachts, or extremely expensive foods and clothing, and the like. Some of them are services, such as keeping two dozen servants, or having a daily facial treatment in a beauty parlor.

Now, in either case, what this expenditure really means is that so many hundreds and thousands of workers are kept busy providing these luxury goods and services. That amount of labor has to be diverted from the production of necessities, such as foodstuffs, clothing, shelter and the like for the population as a whole. Many hundreds and thousands of mostly skilled workers are prevented from producing anything useful to the immense majority of us. Their whole time is taken up with ministering in one way or another to the rich. Therefore the rest of us have to provide necessities, not only for the rich, but also for this great army of attendants on the rich.

### *If They Save*

But a great part of the vast incomes of the rich is not spent, but saved. And what does saving mean? It means reinvestment. It means adding to the total pile of capital in the hands of the rich. But capital, as we have seen, consists in actual material things—mines, factories, offices, docks, buildings and the like. Therefore investment

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means not merely depositing pieces of paper in a bank, but actually building new factories, sinking new mines, draining new land, adding to the total quantity of means of production in the country. This is what happens to a great part of the incomes of the rich.

Some rich people may, of course, be more thrifty than others. Some may be so extravagant that they spend the whole of even quite big incomes. It is impossible, however, for even the most extravagant to spend the incomes which really rich people receive today. (For example, Sir John Ellerman's estate was valued at £36,000,000 when he recently died. So he must have had an income of nearly £2,000,000 a year—which would take a bit of spending!) Moreover, some rich people are very thrifty. They say of the millionaires of Boston in America that they live “on the incomes of their incomes”. Far from spending their capital, that is to say, they do not even spend any appreciable part of their annual incomes; they spend only the income produced by the new capital created each year by the reinvestment of their real incomes!

Now, many people tell us that in this undoubted fact of the reinvestment of a great part of the capitalists' incomes is to be found the justification of the system. Well, in Chapter VI we shall

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see whether this vast volume of accumulation, or reinvestment, on the part of the rich is actually taking the world. But first let us look at the human consequences of organizing our economic life in the way that has been described in the preceding chapters.

## CHAPTER V

### WHAT THE SYSTEM HAS DONE TO US

#### *The Workers Stay Workers*

ONCE ONE understands the way the economic system works, all sorts of things become apparent.

First, the workers will always stay workers, however hard they work.

A tiny number of individuals who start as wage-workers may, by luck or skill (sometimes, as a matter of fact, by fraud), manage to get out of the position of workers. They may manage to get hold of some of the means of production, set up for themselves, or even begin to employ workers themselves. They may become rich. But the wage-earning class as a class—and in Britain it is a class containing, as we have seen, approximately 90 per cent of the population—will always remain in the condition and status of wage-earners.

And this means, as we have also seen, that the great majority of us will remain extremely poor. This is because the size of the wages which we get has nothing to do with the amount of wealth which we produce. Thus the fact that modern science is constantly enabling us to produce more and more wealth will in itself do little or nothing, under the present system, to increase the amount

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of wealth which gets into the hands of 90 per cent of us.

The British wage-workers have, it is true, got more wealth into their hands than they had a hundred years ago. But they have done so by means of long-drawn-out and stubborn struggles against the existing economic system; they have done so through their Trade Unions, their Co-ops. — through the Labor movement as a whole. What improvements they have got they have won for themselves. Their conditions have improved, not because the system showed any inclination to give them a share in the ever-increasing wealth produced by the nation, but because they fought hard and long against the system.

Many people suppose that the British workers have now succeeded by their political and industrial struggles in getting a much bigger share of the total national income than they used to have. They point to the system of pensions, insurances, Factory Acts, social services, Trade Boards, and Trade Union collective agreements, and the high rates of income and super tax and death duties which have been imposed upon the rich to pay for these reforms. But the fact is that these reforms have not effected any redistribution of wealth in favor of the workers. Sir Walter Layton and Mr. Crowther (*An Introduction to the Study of Prices*) estimate that the wage-earners' share in the national income was 50 per cent in 1860 and

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45 per cent in 1901. Mr. Colin Clark computes that the wage-earners' share in the national income was 39.5 per cent in 1911, 42.1 per cent in 1924 and 40.5 per cent in 1935. There is no tendency even to redistribution here. What has happened is that the whole historic struggle of the British workers has just about enabled them to hold their ground against the terrific bias which the system exerts towards keeping the wage-workers on the subsistence level, and putting the whole of the ever-growing surplus into the hands of the owners of the means of production. It has taken the whole of the heavy direct taxes, such as death duties and super tax, and the social services by which this money has been distributed to the workers, to enable the workers to maintain their share in the national income. This does not mean that the struggle has not been enormously worth while. For unless the workers had waged it, their share in the national income would have decreased sharply. Moreover, as the total national income has been an ever-growing one, the fact that the British workers have succeeded in keeping an (almost) constant share of it has meant that the absolute standard of life of the workers has slowly, and unevenly, but over the last seventy years very appreciably, risen.

But all the reforms that have been carried out; all the taxation which has been imposed on the rich; all the modifications in the workings of the

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system, have only been just sufficient to prevent the workers' share in the national income from falling. This is a measure of the strength of the innate tendency of the system to put all surplus wealth into the hands of the rich.

### *Exploitation*

The process described in the preceding chapters is usually summed up in the word "exploitation". People often suppose that this is a mere term of abuse. They think that when we Socialists use this term we mean merely that some men get treated unjustly. But the term exploitation has an exact meaning. It describes precisely the process by which those who own the means of production draw off almost all the wealth over and above the subsistence level from the 43 million. The 4 million<sup>1</sup> "exploit" the 43 million in the exact sense that they live off their labor. They eat food, wear clothes, and live in houses produced by other men's labor and offer no product of their own labor in exchange. That is exploitation.

### *The Reward of Other People's Virtue*

We must supplement, then, our conclusion that however hard the workers work they will remain workers, and poor workers at that. Hard work

<sup>1</sup> Or rather, I repeat, that minority of the 4 million which owns really appreciable amounts of capital; it would be quite unfair to say that the majority of the middle class exploits.

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will not make the workers any richer, but it will make their employers much richer. It does not take any higher wages to keep a sober, industrious worker than a "gay" and feckless one. Hence the propaganda in favor of the workers becoming patterns of sobriety, parsimony and thrift. For the exercise of these virtues by the workers would first of all benefit, not them, but their employers.

### *The Wealth of Nations is the Poverty of the People*

Allied with this propaganda for industriousness (you remember the old "produce more" cry? — I suppose we shall get it again after this war, too) goes the carefully propagated view that the bad conditions in which they live are all the fault of workers. It is the slum-dwellers, we are told, who make the slums. — "My dear, if you gave them baths they'd only put the coals in them . . . !"

What pernicious nonsense it all is! Of course the slum-dwellers do not make the slums. Nor, for that matter, do the slums, in themselves, make the slum-dwellers. Both the slums and their population are made what they are by poverty. And a permanent poverty of the people is the inevitable consequence of organizing our economic life in the capitalist fashion.

The poverty of the 43 million wage-earners and their dependants is an indispensable part of that system. As we shall see in the next chapter, the system could not work if this poverty were not

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maintained; for the system depends on an endless piling up of wealth in the hands of the 4 million. The system is so designed that it will only work if vast wealth is thus concentrated in fewer and fewer hands. Under our existing economic system no matter how rich the nation becomes, its people will remain almost as poor as ever. We now know the true answer to the question which Adam Smith, one of the first great theorists of the system, set out to find. What, he asked, will best promote "the wealth of nations"? The answer of history is that the wealth of capitalist nations has built up on the poverty of their peoples. For, by the wealth of "the nation", the professors have always meant the wealth of the Capitalist Class within the nation.

### *About Liberty*

The second great puzzle which an understanding of the way the system works enables us to see through is connected with the question of liberty. Now, our existing economic system was set up in the name of liberty. Even today many of the employers, and even some of the workers, believe that this system is founded on universal liberty. They believe, and in a way it seems true, that the exploitation which I have described, even if it exists, must be a voluntary exploitation. They believe that the workers, for some reason, must be eager to be exploited. For they believe that every-

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one is free to refuse to be exploited if he chooses.

It is argued that this is a free country. There is nothing to compel any worker to accept wages which, though they are just enough to keep him and his family, represent only a small proportion of the wealth he produces. We live in peace-time under a system of free contract between employer and employed. The level of wages is a result of a free bargain, it is suggested, between those two parties. If workers think the wage offered is too low, they have only to refuse it.

I do not think it is too much to say that millions of workers themselves are still impressed by this argument. They cannot see that very much can be wrong with a system which gives them this liberty. They feel that the deplorable conditions which it actually produces must be the result of some unfortunate accident.

### *The Liberty to Refuse Wages*

But what is the nature of the liberty which the 43 million possess? It is, precisely, the liberty to refuse wages. Put this way, one can see the catch in it. The worker is free to refuse the employer's offer. But such a refusal means that he must somehow live without wages. And how can he do that? He cannot, as we saw in the second chapter, set up for himself. He is dependent on those who own the means of production for getting the opportunity to earn, and so to live.

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Hence his liberty to refuse to take the terms of employment they offer is always apt to become an illusion. The competition of workers for jobs enables the employers to force wage rates towards the minimum level. Hence the apparent liberty of the worker to refuse the wages offered conceals a compulsion as real, though not as complete, as if there were a law by which employers were able to force workers to work for them on any terms.

### *Even This Liberty Is Worth Something*

But for all that, our present kind of liberty is highly important for the 43 millions. For it does enable us to refuse to work on our employer's terms if we can find some way of living while we are withholding our labor. For example, workers who have had the foresight to join Trade Unions and become organized can find such a way of living while they bargain with their employers. Their Trade Unions offer them strike pay, so that they come to possess some degree of real liberty at any rate. It is mainly by the exercise of this liberty on the part of a group of workers that the rate of wages can sometimes be forced up appreciably above subsistence level.

If we learn how to make use of them in this way, our existing liberties are by no means an illusion. We should soon be convinced of this if ever we lost them. We should soon see the im-

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portance of this elementary liberty to refuse to take the wages offered by the first employer who comes along. For the German and Italian workers under the Nazi and Fascist Governments lost just this basic liberty. Under German and Italian Fascism the worker was compelled to take any offer of wages which the employer made to him. He had lost, to put it in familiar language, the right to strike. And certainly that is a far worse condition than that of the British workers, who, especially if they are organized, can put up an argument with their employers.

Moreover, once workers have won a certain power to bargain with their employers over their wages, hours and conditions, they will soon get some political power as well. Once you make the economic liberty to refuse wages to some extent real, you begin to achieve a certain amount of political and social liberty in every sphere of life.

But all this is done precisely by Trade Union and political interference with the normal workings of the existing economic system. In a word, the liberty which we possess we have acquired only by interfering with "the laws of the economic system". Thus, in so far as the laws of our economic system are carried out, liberty for the 43 million wage-earners and their dependants is a cheat.

### *Less "Liberty" and More Life*

The proof of all this is that when our contem-

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porary kind of liberty was at its greatest, the oppression of the wage-workers was so terrible as to amount to almost complete slavery. There is far less "liberty", of this particular, one-sided kind, in Britain today than there was 140 years ago. There are literally hundreds of things which employers could then do, and which workers could agree to, which are now against the law.

For instance, 140 years ago you could agree to work sixteen hours a day, and you could start doing so at six years old. Now the law prevents you doing that. When the laws were passed which forbade that, men got up in the House of Commons and said that this was a gross and unpardonable infringement of the liberty of the subject. If, they said, workers agree to work sixteen hours a day, and to begin doing so at six years old, that proves that they like it. For if they did not like it, they would not do it!

Or again, 140 years ago you could agree to accept your wages in kind from a shop kept by your employer, so that you were cheated by the especially high prices of your employer's shop. This pleasant practice was stopped by what we call the Truck Acts. Again it was said that the Truck Acts were a gross infringement of liberty. It was said that if the workers had agreed to buy all their goods at their employers' shops, this proved that they wanted to; that it was a great shame to prevent them.

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And so on and so on. If you were a woman or a child, you could work, 140 years ago, for twelve or fourteen hours a day underground, dragging the tubs of coal through the underground passages by means of a harness fastened over your shoulders. Now that "liberty" has been stopped!

Moreover, limitations on this kind of "liberty" have today been pushed much farther. In some trades the rate of wages is actually regulated by law; and in other important ones, such as coal-mining, maximum hours of work are fixed. Altogether, I repeat, there is much less "liberty" of this peculiar kind in this country today than there was in, say, 1810. And there do exist people in this country who never tire of complaining about this and advocating a return to the perfect "liberties" of that time. (In fact, there is a society called "the Individualist's Association", and run by a Sir Ernest Benn, which exists to attempt to restore this sort of "liberty".)

The truth, however, is that the perfect liberties which existed before the factory and social legislation of today was passed, made life into an indescribable torment for large sections of the British people. That torment is the proof that liberty of this kind is a cheat. The absence in any country, in which the means of production are owned by some 10 per cent of the people, of laws preventing that 10 per cent from pushing their exploita-

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tion of the rest of us to unbearable degrees, creates not liberty, but the blackest tyranny.

### *The War-time Restrictions*

We get another kind of illustration of all this in war-time. Many of those restrictions to which we have all to submit in war-time wear a quite different aspect for the wage-earners and the owners of capital. Food and clothes rationing, the Essential Works Order, and the widespread war-time controls of industry all restrict our liberties; but at the same time they have given us an organized economic system in which everybody has a secure job with some kind of protection for his or her hours, wages and conditions of work. No one wants to continue them in their present form after the war; they are an obvious makeshift, and no substitute at all for the Socialist economic system which is the only real alternative to conditions as they were before the war. But the fact remains that even these restrictions, or forms of organization (and in spite of fairly acute war-time shortages), have made life considerably more tolerable than it was for some of the worst-off sections of the population under the conditions of "liberty" and private enterprise in peace-time.

### *The Gulf of Class*

Experience shows that if the owners of capital

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have the "liberty" to do what they like with the rest of the people, they have, on the average, little pity for those whom they employ. When we look out on the world today we are apt to think that it has never been so vile a place as it is now. But I am not sure that we are right in that.

If you read a description of the conditions of life of, for example, the children of Britain 140 years ago, in such unimpeachable books as *The Town Laborer* by Mr. and Mrs. Hammond, you will read of things that make you think that, in spite of its wars and its slumps, the world of today is in some ways a less torturing place than it used to be. 140 years ago the children of Britain were slowly killed (when the employers' kind of liberty was at its height) by a refined process of torture, under which they were worked, for years together, from twelve to sixteen hours a day, till, finally worn out at the age of fourteen or so, they died.

Maybe, in spite of everything, this country really is a better place than it was in those days for the great majority of us. But that only applies, I am afraid, to a few advanced countries such as Britain. We cannot congratulate ourselves on much improvement if we are thinking about the world as a whole. There are plenty of places where the large-scale destruction of children by working them to death still goes on. It goes on even in some parts of highly developed countries, as amongst the share-croppers in the Southern

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States of America. And it goes on, on a gigantic scale, under the British flag in India.

### *They Do Not Care*

In any case, such comparisons between then and now are not very important. But it is all-important to realize one hard fact. On the average, men and women of one class do not feel much sympathy for the sufferings of men and women of another class. I mean by a class, any group of people who have a particular place in the economic system. For example, those who own the means of production form a class, commonly called the capitalist class. And those who do not own any appreciable amount of the means of production, and so have to work for wages, form a class, commonly called the working class. Other important classes have existed—for example, the landlord class, and the peasant class; but in Britain today these other classes are quite overshadowed in importance by the capitalist and working classes.

Since the present capitalist economic system was established, the population has tended more and more to get divided up into the above two classes, although, as we have seen, a middle class of some two or three and a half million people has continued to exist. And the history of the last 150 years leaves us with no possibility of doubt that the members of the capitalist class are, on

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the average, and as a class, almost indifferent to the sufferings of the members of the working class. It is evident that the gap which separates these two classes is, except exceptionally and in individual cases, almost unbridgeable by human sympathy. The fact that the members of one class are rich and the members of the other class are poor; that the one receives quite a different kind of education, and lives quite a different kind of life, from the other, is sufficient to cut them off from much real community of feeling.

If this were not so, the capitalist class could not have imposed the indescribable conditions which they did impose (and still impose today, wherever the workers have not succeeded in getting laws or Trade Unions to stop them) on the rest of us. I cannot explain why the gulf of class cuts off almost all human sympathy in this way. But the lesson of history is that it does so.

### *The Exceptions*

This is all the more strange in that this is not true of particular individuals coming from the employing class. In every generation there have been quite a number of individuals coming from this class who have cared about the conditions of the working class. Individual employers have, of course, often treated "their" particular workers, in their own factories, well. But that is not the

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point; for such "good" employers have done little or nothing for the working class as a whole. There have been, however, a few men and women from the employing class who have shown that they sided with the working class as a whole. Many of them have simply been philanthropists who understood little or nothing of the causes of the suffering of the workers. Lord Shaftesbury, the man who helped the British workers in their struggles to get laws passed taking away the "liberties" described above, is a typical example of such philanthropists.

On a much higher level of comprehension, quite a number of individuals who were born into the employing class have come to understand, to a greater or lesser degree, what is the cause of the abominable conditions of the working class, and have sought to root out this cause. Examples of such men in our own country are Robert Owen, the first great English socialist, and, in our own day, Mr. and Mrs. Sidney Webb. Moreover, taking the whole world, some of the greatest men who have fought on the side of the working class, men who have brought them indispensable gifts of scientific understanding — indeed, Marx and Engels and Lenin themselves—were born into one or other of the subdivisions of the employing class.

But in each generation it has been a small minority of the employing class who have shown that the sufferings and fate of the working class

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mattered to them. Again and again history proves (and contemporary history is proving it most vividly of all) that, with these individual exceptions, the employing class cares little about the conditions which the existing economic system imposes upon the working class. They neither know, nor care to know, what being wage-earners means to men and women. So the lesson of history is that the working class must depend on its own efforts. The last chapter of this book gives a very brief description of the forms of activity and of organization which the workers' efforts at self-emancipation have taken and are taking today.

## CHAPTER VI

### WHY THE SYSTEM STOPS WORKING

#### *The Difference*

THE PRECEDING chapter attempted to sum up some of the essential conditions of life of the wage-earners — the 43 million — under the capitalist economic system. The chapter before that, Chapter IV, had led us to the conclusion that there is a vast difference between what the workers produce and what will keep them. And the whole of this difference goes to the employers and their associates. Moreover, it is, if you think of it, a rapidly growing difference. The amount necessary to keep the workers in a state fit to do their jobs, and to rear up families after them, does not alter very much. But the amount of wealth which the workers can produce is continually increasing. New and still newer methods of production are perpetually being introduced, all of which increase our powers to produce wealth. There has been a huge increase in our power to produce wealth during the years of war, for example.

To put it in technical language, "the productivity of labor" is constantly rising. One hundred workers do not cost any more to keep than they did ten years ago; but a hundred workers can

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today produce considerably more than they could ten years ago. And this process has been going on steadily, and ever more rapidly not for ten years, but for over a hundred years. (The exact rate of increase has varied very much from time to time and place to place. But here are some examples, collected by Mr. Frederick Allen for his recent book, *Can Capitalism Last?* The productivity of labor in the U.S.A. increased between 1922 and 1927 by 3.5 per cent a year; between 1925 and 1929 in Germany it increased by a total of 27.5 per cent, or 5 per cent a year; between 1924 and 1930 in Britain it increased by 21 per cent, or 3.2 per cent a year.<sup>1</sup>)

### *It Goes to Investment*

As we saw at the end of Chapter IV, a very great part of this vast and rapidly growing difference, or surplus, is reinvested. The employers and their friends may share it out amongst themselves, by dividing it up into rent for the landlords, interest for the investors, fees for the professional men (lawyers, surgeons, accountants, etc., etc.) and profits for the direct employers, and then reinvest it in new businesses. Or — and this is what happens for the most part nowadays — the actual firms which have made the profits may “plough them back” into extensions of their own

<sup>1</sup> League of Nations, *Course and Phases of the World Economic Depression*, and *Statist*, June 21st, 1930. These increases refer to industrial labor

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businesses. In either case this part of the ever-growing surplus is reinvested. But what does investment mean? It means making new means of production, building new factories, constructing new machines, sinking new mines, building docks, new blocks of offices, new gigantic department stores, and all the rest of it. That is where the main part of the surplus ultimately goes to.

What is the effect of creating all these new means of production? Now, the only use to which means of production, be they factories, mines, or what you will, can be put to is to produce. To produce what? In the last resort to produce consumers' goods, as the economists call them. To produce, in plain words, clothes, food, motor-cars, houses, furniture — all the kinds of goods we actually use and consume.

So we have come to the conclusion that the system works in such a way that an ever-mounting mass of new means of production, each and all capable of turning out a vastly increased flood of consumers' goods, will be created. And no sooner have these vast new means of production come into existence than they must, if their owners are not to go bankrupt, begin pouring out their flood of new consumers' goods.

### *Who Is to Buy Them?*

We now come to a question that cannot be answered. Who is to buy them? Who is to buy this

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ever-increasing flood of consumers' goods? Not the 43 millions of us who depend on wages. For, as we have seen, by and large, and unless we put some very effective pressure on our employers by means of Trade Union or political action, we get no more, on the average, than it is necessary for us to have in order to enable us to do our jobs properly, and bring up our families. (For if some of us manage to get more than this, some get definitely less and are not able to do their jobs or rear their families properly.) But our present-day means of production are able to turn out far more goods than are needed to give the 43 million of us a bare living. Who, then, is to buy the ever-growing flood of consumers' goods coming on to the market?

Who is to buy them? The 4 million who form the class which owns the means of production will do their best. They will spend lavishly; but, after all, there are limits to the powers of human consumption. When all is said and done, no man, no matter how rich he is, has more than one little stomach. There are far too few of the rich to carry off the wide stream of consumers' goods which modern methods of production can, and do, turn out. So neither the 43 million, for they are kept too poor, nor the 4 million, for they are too few, can buy them. Who is to buy them?

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### *There Is No Answer*

In the last analysis, there is no answer to this question. It is precisely because our present economic system cannot answer this question that it is going bankrupt before our eyes. This is the ultimate cause of our troubles. This is the cause of those slumps which are always occurring in peace-time, which fling millions of workers out of their jobs, which ruin millions of lives. This is the ultimate factor which prevents our economic system from functioning properly. This is the barrier against which it continually breaks its head.

After each slump, it is true, there comes a boom. For a time everything seems to go well. Most of us get our jobs again. Production and profits leap up. But no sooner have good times been fairly established than once more the slump comes back. And it comes back fundamentally because there is no one to buy the flood of commodities which the increased production of good times has thrown on the market.

### *Why the System Works in War-Time*

This is why the capitalist system works so much better in war-time. For then, of course, there is someone to buy all the goods which can be turned out. They are bought by the Government and used, for the most part, for destruction. All the

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industries of the country are stretched to the utmost to keep pace with the demands of war. Immense possibilities of plenty for all are revealed by our war-time productive achievements. But in order to realize those possibilities we must provide a demand for peace-time goods and services as regular and as inexhaustible as the war-time demand for munitions. And that we cannot do so long as we live under an economic system which forces nine out of ten of us to live on wages which are always tending to be no more than enough to give us a bare living. Once we have ended that system, an ever-rising standard of life for the whole people will, of course, provide us with an absolutely regular and absolutely inexhaustible demand for goods and services — a demand not only as great as, but actually far greater and far more permanent than the demands of war.

### *The False Answer*

In peace-time, however, the capitalist economic system has no satisfactory answer to the question of who is to buy the goods. But it has several false answers.

There is, for instance, a plausible solution which is often called the "theory of high wages". As you can see, nothing is more natural than to suggest that all that needs to be done in order to make our system work properly is that the employers

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should pay us all higher wages. The question, of course, remains as to whether they will be willing to do this. But, it may be suggested, why should we not elect a Government which will force them to pay us higher wages? Will not this put everything right without us having to go through the admittedly big and difficult business of changing the very nature of the economic system? This suggestion is a very natural one. To anyone who has seen that, at bottom, the system will not work because the people have not enough money to buy the goods they produce, the obvious solution seems to be that they should be given some more money by way of increased wages.

Unfortunately, however, if anything has been proved by the experience of the history of America in the nineteen twenties, in particular, it is that this simple theory does not work. If you force employers to raise wages, or even if wages become, because of temporary, accidental forces, appreciably above subsistence level, the system jams; the wheels stop going round, and a slump comes in this way instead of because of insufficient money in the hands of the people.

### *Wages and Profits*

The explanation is not far to seek. The trouble about "the philosophy of high wages" is that high wages cut into profits. But, you will object, you

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have just said that profits, or rather rent, interest and profit taken together, are gigantic. Surely the employers and their associates can afford to give us a little of their huge surplus; surely it will actually be in their own interest to do so, if this is the only way that they can keep the system running?

Yes, profits are gigantic; but, then, they have to be. For capital is gigantic, too. The total amount of capital in the hands of the employing class now runs into tens of thousands of millions. Don't you see that a gigantic amount of profit is absolutely necessary in order to pay even quite a low rate of profit on this gigantic accumulation of capital?

Moreover, as we have seen, the system will only work if the capitalists are continually reinvesting their profits in new enterprises of every kind. But they will not do that unless the general rate of profit being earned is high enough to promise them an attractive return. Thus it is not open to the system to get rid of its gigantic surplus by giving it away to the workers, either by means of high wages or any similar device. The very nature of capitalism is such that it will only work in the long run if it disposes of its surplus, not by giving it away, but in some profitable way. For only if there is a profitable end to it will the whole process of accumulation and reinvestment be carried on. (This is not to say that there may not

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be some useful stop-gap devices that can be applied in this field.)

This is the objection to "the philosophy of high wages". High wages inevitably cut into the rate of profit and stall the system that way. High wages, in other words, are incompatible with the existing economic system. Therefore the system cannot get out of its trouble in this simple, attractive way.

## CHAPTER VII

### THE ANSWER THAT LEADS TO WAR

#### *Exports?*

SO THE "high wages" answer won't do. But there is another answer to the question of "Who is to buy the goods?" And, in a sense, and for a temporary period, it is a real answer. It is this. "If we cannot get rid of the stuff", say the employers, "at home to our own people, because their wages are not high enough to allow them to buy it, let's get rid of it abroad, let's export it." They are driven to export their products not, that is to say, in order to pay for necessary imports, but in order to find the buyers which the poverty of nine-tenths of the people denies to them at home.

Such "forced exports" may seem a simple answer to the question of "Who is to buy them?"; but they lead to extremely complicated results. For they lead to the world being combed for markets. In the first instance, the employers will search the world for markets for consumers' goods. They will try to get rid of their huge output of food and clothes and furniture and motor-cars and all the rest of it to foreign buyers. But nowadays there are whole industries the function

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of which is to turn out, not consumers' goods of this kind, but means of production themselves. There are whole factories whose job it is to equip other factories. There are whole types of machines whose only purpose is to produce other machines. Indeed, the biggest and most important industries today are those which turn out, not consumers' goods, but capital goods, or means of production — call them what you will.

So very soon it is a question of markets abroad, not only for consumers' goods, but also for the capital goods, not only for cotton piece goods, coal and the old, traditional British exports, but for looms and spindles, lathes, cranes, machine-tools, blast-furnace equipment, power-stations, railway goods, and the like.

But these capital goods are very expensive. How is the foreign country going to pay for them? In many cases the potential market is in some relatively backward, undeveloped country such as India, China or Africa. How are they to pay for this extremely expensive equipment?

### *The Export of Capital*

Now arises a very extraordinary device. The employers and their associates (the 4 million) proceed to lend to their potential customers the money with which to buy the capital goods! This is called the export of capital. Therefore the

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search for markets may be said to proceed in three stages. First you export consumers' goods; then you export capital goods, and then you export the capital itself.

When once you have reached this third stage of exporting the capital itself, the possibility of a fourth stage appears; and that is to invest your capital in producing something in the overseas country itself. You may send your capital out, not merely to pay for capital goods from home, but also to set up an industry abroad, to sink a mine, or plant a rubber plantation, or the like. You may begin the process of setting up the existing economic system somewhere in Africa or Asia.

The exact stages through which the processes go do not matter so much. The essential thing is that each country is forced to embark on a general, complex process of economic expansion. Each country, when it reaches a certain stage of development, is forced into this process of expansion because it can find no other answer to the basic question—"Who is to buy them?"

And this process of expansion overseas does provide a temporary answer to the question; it does enable the present economic system to carry on much longer than it otherwise could. But it has extraordinary and, in the end, appalling consequences.

For so far we have looked only at the economics of the process of expansion; it has a political side,

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and that political side has a very well-known name. It is "Imperialism". (I am using the word in its strict, technical sense. The fact that "Imperialism" in this sense is a terrible evil, does not mean that the major part, represented by the free Dominions, of the British Empire ought to be dissolved. On the contrary, this part of the Empire may under Labor Governments in Australia, New Zealand and, very likely in the future, in Canada and the United Kingdom, become one of the most progressive associations of nations in the world.)

### *Imperialism*

This is how Imperialism comes about. When you are at the first stage; when you are simply exporting your consumers' goods, there is no very great temptation to try to annex the country to which you are sending them. But now see what happens as soon as you get on to the second and third stages, when you are exporting capital goods and the capital to pay for them.

Why, then, at once you become frightened for the safety of your capital. Whoever it is you lend it to, whether it is to the Government of some undeveloped region, or to some company which has been organized by the natives of the undeveloped country, or, more likely, by your own capitalists operating there — in any case, you will be frightened that you will lose your money.

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Perhaps the Government to whom you have lent it will refuse to go on paying the interest? Or perhaps it will be overthrown by a revolution? Or perhaps some other empire will come in and annex the country to which you have lent your money? These worries get even worse when you reach the fourth stage and begin employing native labor in the country to which you have exported your capital. For then your capital has gone permanently overseas; then there is no question of bringing it back. So you need permanent political control in order to ensure its safety.

Moreover, once you have begun actually employing native labor (stage four above) you will need political control of your market for another reason. You will want to control its Government so that it passes laws (such as a hut tax, for instance, as in Kenya) which will force the natives to go and work for wages in your new mines or plantations, instead of working for themselves on their own land.

In any case, and whatever stage of the process of expansion you have reached, you will want all the markets of the particular territory for yourself. You will strongly deplore any tendency for the employers of some other empire to come in and export their goods, instead of yours, to it; or to send in their capital instead of yours, and so get the orders for their capital goods, instead of yours; or to set up their mines, rubber planta-

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tions or what not, instead of yours. It is for this purpose, above all, that you will want political control of your overseas market. You will want, to be plain, to annex your market; to make it part of your empire; to paint it red on the map.

### *The World Fills Up*

Now, once again this is no fancy picture, no figment of the imagination. This is a description of what has happened during the past fifty years, and what is still happening. But nowadays it is happening with a difference. The world used to be a comparatively empty place. There were plenty of markets for the various empires to annex. There was all Africa ready to be painted the different colors of the various empires. And painted it was. This was not a very peaceful, or a very pretty, process. The natives had to be subdued in quite vicious little wars. But it did not involve any major wars between the empires themselves. But sooner or later (in the first twenty years of this century, to be exact) the world got filled up. There were no, or few, eligible markets left unoccupied by one or other of the great empires. There was no room, or at any rate not enough room, left to expand into. The world was getting to be all painted one color or another on the map.

By 1914 the great empires, as they grew and

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grew, had reached out until almost everywhere their borders touched each other. But they could not stop growing. The basic process of expansion, which I have sketched above, was still going on. The employers could not get rid of their stuff at home; they needed ever bigger markets abroad.

### *The Empires Collide*

What was to happen? What happened was the only thing that could happen. The empires collided. They went on expanding and expanding until they struck each other. The first collision of the empires took place in 1914; they called it "The Great World War". But "The First World War" would have been a more accurate name for it. For, except in one part of the world, the same process which generated that war was still at work after 1918.

The first collision of the empires resulted in 10 million people being killed, and tens of millions more being wounded, or dying of hunger and disease. But in 1918 the empires began growing again. They mopped up the few bits of the world which was still left unannexed. Italy mopped up the very last bit of Africa, Abyssinia. Japan tried to mop up the one great bit of the world which was not fully possessed by any one empire — China. The empires went on expanding. They were coming nearer and nearer to the point of

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collision again. In 1939 came their second collision.

Such are the final consequences of getting out of the difficulty of "Who is to buy them?" by sending your stuff out of the country to overseas markets. In political language, periodic world wars are the inevitable consequence of the attempt to solve the problem of purchasing power in our capitalist economic system by the imperialist method.

## CHAPTER VIII

### ON LOVING ONE'S COUNTRY

THE FINAL result of organizing our economic life in the Capitalist way is, then, that we get involved in a world war every twenty years or so; and 20 or 30 million men, women and children lose their lives.

That doesn't mean that we may not have to fight in these wars, whatever their cause may have been. On the contrary, as we discovered in 1940, we may have to fight for our very lives. And Socialists had, if possible, an even better reason for fighting than anyone else. For if we hadn't fought we should have been conquered by the Nazis, and deprived of our freedom to mould the future of our own country. Moreover, the rest of the world would have been engulfed in the Nazi tide, and all hope of Socialism or of progress and enlightenment of any kind would have gone. So in fighting for themselves in this war the British people also fought for all the peoples of the world.

Therefore we were all a thousand times right to fight the Nazis, whatever the cost, rather than let them conquer us. But we don't want to have to do it all over again, a third time, in another twenty years or so, do we?

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But unless we change our economic system we shall have to fight desperate and horrible world wars every twenty years or so. For the capitalist way of organizing our economic life brings war as naturally and as inevitably as clouds bring rain. War comes, to sum up the last chapter, because no capitalist country can distribute enough money to its wage-earners to enable them to buy anything like all the goods which it can produce. Therefore it is forced to try to export an ever-growing mass of goods, in order to get rid of them somehow. These are, I repeat, "forced" exports, which are sent abroad not primarily to pay for what we need to buy from the rest of the world, but because the stuff can't be sold at home. These "forced" exports lead every country into a policy of all-round economic expansion<sup>1</sup>; this leads to aggressive Imperialism, and so to recurrent world wars. (Watch American policy after this war in this connection!)

### *About Patriotism*

Socialists who have understood all this are often accused of being "unpatriotic" — especially, of course, by those whose pockets would be touched by any change in the economic system. But we

<sup>1</sup> This is one of the reasons why the Capitalists and their spokesmen always make such a frightful fuss about "the necessity to increase our export trade". They know that an expansion of export trade is a much more profitable thing to them than an expansion of home trade. (See Chapter XIII.)

## THE ANSWER THAT LEADS TO WAR

who want to make our country a fair and just place love her much better and more truly than those people who pretend that nothing in Britain needs altering. It is a wonderful and inspiring thing that the 43 million British wage-earners, who have so far had so small a share in their country, should have shown themselves in this war to be once again willing to make such enormous sacrifices for her.

But now let's see to it that these sacrifices shall not have been in vain. And we shall only do that by ensuring that all of us can make a living without the leave of a small set of people who own nearly all the land and mines and factories and other "means of production", without which we can't work. For the fact is that until we do that our country belongs not to us, but to the 4 million. Indeed, within that 4 million, it belongs, to a very large extent, to a far smaller group of very rich men who really direct and control things. The great industrialists, the great bankers, the great newspaper owners — these are the men who really own the country.

### *First Get Your Country*

All the same, there is a sense in which almost all of us have some stake in the country. If we get any sort of living at all, we derive great benefits from the organized, civilized way of life which

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we have set up in Britain. Because of this we feel and, in a sense, are right to feel, that this is our country, which we must, and will, defend.

All this leads towards a very important conclusion. The appeal of patriotism, of devotion and sacrifice to one's country, is a very high and noble one; but it is also one which can be most shamefully abused. Should we not take special care, when this appeal is being made to us, that we are not being tricked; that it really is our country, and not Lord Rothermere's, or Lord Beaverbrook's country that we are being asked to die for?

Nobody can deny that, in the world as it is, it may be necessary for men to fight for their country. But we, the 43 million, shall not, in any full or complete sense of the word, have a country to fight for until we see to it that the land, the mines, the machines, the docks, the railways, the factories, and the like, with which we have covered its face, belong to us. For if we don't take care, what we shall be asked to die for will be, not our country, but the cause of keeping the present economic system in existence. On the other hand, when the people of Britain get control of their country, by getting control of its real economic life, they will become the strongest and best champions that Britain has ever known.

## CHAPTER IX

### FASCISM

HITHERTO ONLY a few of the 43 million have understood things as they really are in the modern world, and it has been pretty easy to impose on them. But, all the same, a great many of the 43 million have reacted to the conditions created by all this. Even though they have not fully understood what causes their troubles, they have grown restive. They have wondered why, amidst all the teeming wealth of the world, they have had to live at very near a subsistence level. Especially in recent years they have wondered why it seemed necessary every now and then to fight and die all over the world, and by the million at a time.

Gradually the idea has grown up that all this may not be necessary or inevitable. And not only has the idea grown up, but organizations have appeared amongst us — Trade Unions, Cooperative Societies and finally political parties—which have had as their object the changing of all this. These organizations, which amount to what we call “a labor movement”, have aimed at preventing us having to live in poverty amidst the wealth which we create, and having to die in wars in order that

## FASCISM

our employers shall be able to sell that wealth to somebody else abroad (for that is what it amounts to).

These organizations, which the people have gradually created, have begun to push for higher wages, have begun to suggest to people that they need not continually go out and fight their masters' battles for them. Now, so long as the employers do not have to ask any desperate sacrifices from the mass of the population, they can tolerate the existence of such a movement as this. But if periodically a point comes (and this point has come in a large part of the world today) when the employing classes and their empires have to ask of us the ultimate sacrifice of giving our lives for them—why, then the existence of movements which make people feel that this sacrifice might be made unnecessary becomes an intolerable danger to those who wish to maintain the present state of things.

After the 1914-1918 war the ruling classes, especially of those empires, like Germany, which lost the last war and were determined to have "another go" at world conquest, began to feel that they simply must be able to depend on their people to die for any cause which their rulers told them to die for. Hence the existence of any source whence people could get independent ideas of their own into their heads became more and more intolerable to their rulers.

## SOCIALISM LOOKS FORWARD

### *Fascism*

The existence, in a word, of independent, working-class, or popular, organizations and propaganda became intolerable to the ruling class of some of the empires. For these ruling classes knew that at any moment they might have to ask "their" workers to sacrifice life itself; and if even a doubt whether such sacrifice was inevitable had been allowed to rise in people's minds, they might not make the sacrifice. This is one of the main causes which created the need for that new kind of tyranny which we call "Fascism" or "Nazism".

### *Fascism Is Conscription*

The simplest way to describe the consequences of Fascism for the mass of the people is to say that Fascism means permanent conscription. Fascism does to men, women and children (and it does it in peace-time as well as in war-time) what conscription does to people in war-time.

Fascism takes from us, first of all, the right to strike. It not only destroys the Trade Union organizations which alone give wage-workers any bargaining power, but actually makes striking illegal. And, as we saw above, what measure of genuine liberty the 43 millions of us possess today largely depends, in the last resort, on this single liberty of it being possible for us to withhold our labor. When that goes, everything goes.

You can see that this is no theory, but actual

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fact, by what has happened to the people in Fascist countries. Once a people allows its right to withhold its labor to be taken away from it, its political parties, its Co-operative Societies, its right to vote—every element of democracy and civil liberty—are all swept away. For the one real power of the wage-workers has been destroyed. Once the right to withhold labor has gone, the rule of those who own the means of production must necessarily become complete and unrestricted.

Fascism, then, is the attempt of the 4 million to stamp out any possibility of resistance to their will. And one of the main reasons why they have to make this attempt is because the needs of their system drive them to demand of us our very lives in war after war in order to conquer or retain markets for them abroad.

### *They Enslave the Mind*

But Fascism does not rely entirely on machine-guns in order to deprive the people of their rights and liberties. It could not do it by machine-guns alone. Perhaps the most important method by which the Fascists do their job is the use of the modern technique of propaganda. The Fascists attempt to enslave the minds of the people even more than their bodies.

Their most desperate efforts are directed towards preventing us from getting a grasp of the real situation. To this end they invent a whole

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rigmarole of extraordinary and disgusting ideas. They put down our troubles to every kind of fantastic cause; they invent positively anything in order to prevent us seeing the real cause—namely, the ownership of the means of production by a tiny class. They say that it is all due to the fact that a few thousand of the people of Germany, or of Britain, as the case may be, belong to the Jewish faith and race; or they say that it is due to the usury laws of the Middle Ages having been abolished; or they invent an extraordinary theory called “the doctrine of blood and toil”.

This last theory is a very convenient one for the Fascists. It teaches that it is a great mistake to think about anything clearly. All you have to do is to just let yourself be guided by your feelings. As the Fascists' main object is to prevent us thinking out our position clearly, and thereby getting to understand what the cause of our trouble is, this is an ideal theory for them.

In order to put over this extraordinary mass of lies, Fascists have to wage an organized war on all reason and clear thinking. That is why the German Nazis, as soon as they came to power, publicly burned the books of all the best authors and greatest thinkers in Germany in the public squares of the cities. That is why, ever since, they have done their utmost to destroy all that was good in German civilization. In the last resort, all civilized, decent ideas are incompatible with

## SOCIALISM LOOKS FORWARD

Fascism. For Fascism is the effort (the Fascists say this quite frankly) to organize all life as preparation for war.

You may wonder whether there is any need to go on talking about Fascism like this. Haven't we destroyed Nazism and Fascism for ever in this war? But my point is that Nazism and Fascism are not something confined to Germany and Italy. Fascism is not some extraordinary mania which has hit the world; it is only the logical consequence of doing what is necessary to prevent any progress towards a better economic system.

I have described how it all happens. The present economic system must keep the mass of the population very poor; but it produces an immense flow of wealth. Therefore it has to find foreign markets as a very condition of its existence. Hence imperialism is born and the world gets cut up into the possessions of the various empires. Since these empires go on expanding, they periodically collide with each other and produce world wars. Ideas and organizations begin to appear amongst the mass of us tending to make us refuse to live on a subsistence level in a rich world and to die for our masters' markets. Therefore the ruling classes in the hard-pressed empires have to make the attempt to crush out the very possibility of a refusal by their peoples to live and die for them. To this end they have to try to destroy all reason and decency in the world.

## CHAPTER X

### THE FUTURE OF BRITAIN

IN PLAIN words I am warning you that, even though we have destroyed Nazism and Fascism abroad, we shall be in danger of the very same thing growing up at home—if we leave the economic system which produces it in existence.

It is perfectly true that the consequences of keeping the present economic system in existence have not yet appeared in Britain to the same extent that they have elsewhere.

But, taking the capitalist world as a whole, conditions for the mass of the people are in many respects getting worse and worse. The mere fact of world war recurring every twenty years or so makes that inevitable. That is what we mean when we say that the present economic system is in decay. Social progress has become impossible without altering it. Hours, wages, working conditions, living conditions, for the mass of the population of the majority of the capitalist countries of the world have in many cases got worse. But this is not yet the case in Britain. Because of very special circumstances (of which the principal one is the possession by our employing classes of the biggest and richest empire in the world), a certain

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amount of social progress has still been possible here without much alteration of the economic system. Such progress only takes place when the mass of us manage to put tremendously strong pressure on our rulers. But when we do, it is sometimes still possible to get improved conditions, better wages, shorter hours of work, etc., etc. Again, it is still sometimes possible to get new and better schools built, local housing conditions improved, etc., etc.

The result of all this is that in some respects the conditions of the mass of the British people are still steadily improving. But, against the undoubted elements of progress which still exist, we have to balance factors in which there is very grave deterioration. Against the shorter hours and improved social services which were achieved in Britain between the wars you have to balance the immense growth in unemployment which occurred, and the gigantic increase of insecurity which that means, not only to the unemployed themselves, but to the whole working population. You have to balance also the fact that in whole areas of the country, such as the distressed areas, economic life almost collapsed. You have to balance the fact that for certain categories of British workers, of which the principal one is the miners, still the biggest single trade in the country, there was, between the wars, an undeniable and terrible worsening of conditions, including reductions of

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wages, lengthening of hours and speeding up of work.

### *The Downthrust of the System*

This mixture of progress and decay really means that the strong and persistent struggle of the British people for improved conditions of life, which during the past fifty years undoubtedly bore substantial fruit, has now come up against the steady downthrust of an economic system which is fundamentally unsound.

The thing to realize is that the downthrust which we are now meeting is no accident, that it is caused by the fundamental rottenness of the system. The thing to realize is that this down-thrust must become stronger and stronger so long as we leave in existence the economic conditions which produced it. No doubt we may get reforms and improvements after this war. If we put strong enough pressure on our rulers I believe that we shall. And some of these reforms may be very valuable. I believe, for example, that it is perfectly possible to do away with mass unemployment, even before the present economic system has been fully abolished; but it can only be done by measures which will seriously modify the system, and take an appreciable step towards Socialism. Our rulers will not take that step unless they feel they must. It is up to us to make them feel that they must. (I will say something more about this question of reforms in Chapter XIV.)

## SOCIALISM LOOKS FORWARD

What I am getting at is that, although we in Britain have been comparatively well off so far, we cannot ultimately escape those influences which have produced Nazism, Fascism, ever-recurrent wars and untold suffering, abroad; we cannot, that is to say, escape those influences while we leave our present economic system in being, for they are its inevitable results. There is for us no final solution while the land, mines and factories of the country are left in the hands of the 4 million. There is no final solution whilst the 43 million are excluded from any independent access to those means of production without which they cannot work and live. As long as we go on running our economic system in this crazy way, so long will the world more and more come to resemble a madhouse. We have not yet gone so far down the slope as our neighbours, but we are bound to be dragged after them. If we leave our present economic system in existence too long, we are bound to be dragged down again into the mire of utterly unnecessary poverty, unemployment, insecurity, slump, and finally yet another world war.

It is our fate to live in one of those times in history when a whole economic system is in decay. History teaches us that once that process has begun there is no way of saving the dying economic system. The only way out is to put a new one in its place. That is what we must, can, and will do.

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## PART II

# SOCIALISM

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### CHAPTER XI

#### WHAT CAN WE PUT IN ITS PLACE?

I ONCE had a debate with a distinguished Roman Catholic priest, the late Father McNab, O.D. After it, Father McNab told me that he thought that I had only scored one point during the whole affair. And I, though I did not tell him so, did not think that he scored any points at all! So it was a very satisfactory debate for both of us.

##### *Private Property*

But that one point of mine arose over the question of property. He said he was in favor of individual, private, property. I said that so was I.

How could that be, he said, seeing that I was a socialist, or even a communist? I said that I was a socialist, or even a communist—if he liked to use that word—I didn't mind—just because I was in favor of individual, private, property. I said that my main complaint against capitalism was that it had deprived by far the greater part of the British people of any individual, private, property worth talking about. I quoted him those figures about four-fifths of us dying with property worth less than £100.

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But, he objected, he had always thought that socialism meant taking people's private property away from them. "Ah," said I, "that's what you've been taught. What socialism really means is giving nine-tenths of us a chance to get at least ten times as much individual, private, property—ten times as much clothing, houses, gardens, motor-cars, supplies of food, furniture, and the like as we ever get today."

But, he insisted, surely Socialism does mean taking private property away from some people? "So it does," said I. "It means taking property in the means of production, as we call it, out of private hands—out of the hands of the 4 million, that is to say—into which it has got today. And we mean to do that precisely because that is the only way to put a decent amount of private property of the other sort into people's hands."

### *The Two Sorts of Property*

The point is that there are two quite different sorts of private property. The one sort is private property in the means of production: private property in a factory, or a mine, or in the land. And the other sort is private property in "consumers' goods", in food and clothes and furniture, in houses, in motor-cars, in gardens, in labor-saving devices, in access to amusements — in every sort of thing which we actually use and consume.

## WHAT CAN WE PUT IN ITS PLACE?

Now, it was my contention to Father McNab, and it is my contention to the readers of this book, that endless confusion arises from getting mixed up between these two kinds of private property. Yet it ought to be impossible to mix them up. For there is one rule for distinguishing between them. Private property of the first sort—private property in the means of production—carries an income with it; private property of the second sort—private property in consumers' goods—does not carry an income with it.

For instance, if you own £500 worth of shares in the Austin motor-car factory in Birmingham, you will get an income from these shares. But if you own an Austin motor-car, price £500, no one will dream of paying you anything because you own that motor-car. On the contrary, you will have to pay quite a lot in taxation, upkeep and the like for the privilege of owning it. There you have the distinction.

Now, you get paid an income if you own shares in the Austin factory because the Austin factory is part of the means of production of the country. You do not get paid an income if you own an Austin motor-car, because a motor-car is not part of the means of production. It is a consumers' good.

The economic system which is commonly called socialism—and this is the system which we can put in the place of capitalism—involves abolishing

## SOCIALISM LOOKS FORWARD

the first sort of private property, in order to increase vastly the second sort of private property.

It involves taking the means of production out of the hands of the 4 million private persons, who own them today, and putting them into the hands of the whole people. The object of doing so is that then, and then only, the 43 million who are wage-earners today will get, in one way or another, the entire product of their labor. For that, as you can see from the whole argument of this book, is the one genuine solution of our troubles.

### *All Owned by the State?*

The first question which will naturally occur to you is this. What is to be done with the means of production, the factories, mines and land of the country, when they have been taken out of the hands of their present owners, the 4 million? Are they all to be put into the hands of the State and run by State officials? That is one of the ideas which a great many people hold about socialism. And the number of different and baseless ideas (and some of them are held by some socialists themselves) which exist about socialism is gigantic.

No, socialism involves the public ownership of all the means of production; but that does not mean that they should all be owned by the State. The very big industries of the country—the rail-

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ways, for example — should no doubt be owned, directly or indirectly, by the State. There are huge economies to be made by the centralized running of these great national services—of which the distribution of electric power is another good example. But even in these cases the actual industry should be run by setting up particular bodies, commissions, "authorities", or public corporations, as long as the whole of their capital is publicly owned, for running the industry.

But there are many other industries, of a smaller and more local character, which should be run by the local authorities, the municipalities, the county councils, and the like. Then again there is a vast sphere for co-operation. There is an enormous field, of which a part of retail distribution is the chief example, which should be run by consumers' co-operative societies. Moreover, for a long time to come, at any rate, there will be a secure place in a socialist society for the small one-man, or two men, businesses, which exploit no one —again in retail distribution especially.

Moreover, as recent experience shows, in a socialist society there is scope for producers' co-operation also. There is a field for voluntarily formed groups or associations of workers, who will, as groups, own their means of production and themselves do the work. Agriculture seems to be the main predestined field for this form of organization.

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In a word, there are just as many forms, there is just as much variety of industrial and social organization under socialism as under capitalism. Moreover, the forms of public ownership sketched above are really only those under which a socialist community should start out. As the socialist community develops, other and higher forms of public ownership will be developed also. The one essential thing is that the various forms of socialist organization should involve the public ownership of the means of production.

### *Hordes of Officials?*

This throws light on one of the old familiar objections to socialism—namely, that it would mean overrunning the country with a horde of officials. If one means by officials, administrators, managers, foremen, and the like, then, of course, a socialist society has to have such people. But—and this is the point—there are not more, but far less of them under socialism than at present. Anybody who is familiar with one of our vast British capitalist trusts knows that they are run by a huge bureaucracy of administrators, clerks, managers, under-managers, sales-managers, publicity-managers, personnel-managers, and the like. We are not accustomed to call these people officials, because they are employed by Imperial Chemical Industries, or Unilevers, or Vickers, or some other

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great firm, instead of by the State. All the same, they are, to all intents and purposes, officials. They are officials working on behalf of a group of rich men, instead of working on behalf of the community.

Now, socialism, because it brings order into, and thus immensely simplifies, industrial and economic organization, will need far fewer of these administrators than do the great trusts. The great trusts are often competing with each other, and, above all, are desperately trying to sell their products in an already overstocked market. So they have to spend, literally, more time and energy, and employ more "officials" (sales-managers, advertisement men, copy-writers, canvassers, etc., etc.), in trying to sell their stuff than in producing it. As there is not, and never can be, any market problem under socialism; as there can be no difficulty whatever in selling everything useful you can produce, this vast sales staff of "officials" can be done away with, and the men and women who compose it put on to useful, productive work.

### *Profit or Planning?*

One of the familiar phrases of the moment is to say that under capitalism production is carried on for profit, while under socialism it is carried on for use; that socialism is planned production for use. What is meant by this phrase?

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Well, we all know what production for profit means. We saw in Chapter II that the way in which wages are bound to be fixed under capitalism means that an ever-growing surplus of wealth goes to the employers and their associates. But what we did not notice was the fact that production is only carried on under the existing system if and when such a surplus does go to the owners.

Under socialism, on the contrary, profit ceases to be the regulator of the system. Therefore you have got to arrange some other principles on which to decide what to produce. This alternative principle of regulation we call planning. There must exist in every socialist society something, which is usually called a planning commission, which will decide year by year what kinds of things, and in what proportions, shall be produced. It has, as it were, to make an estimate of the total needs of the population, and then another estimate of the country's total productive resources. Then it must see how best to fit the one to the other; how best to allot skill, labor, machines, buildings, raw materials and the rest among different possible uses.

Is not this a very difficult job? you may say. Yes, indeed it is; but the point is that it is a job which has to be done, and that it doesn't make it any easier to make no attempt to do it. For, under our present system in peace-time we simply leave the thing to chance. Hence the frightful chaos

## SOCIALISM LOOKS FORWARD

into which our economic system periodically gets. What is more, we now know for a fact that this kind of economic planning can be done. For each time that we get involved in a major war, we do it! During the war years we have made just such an estimate of our total needs, by way of ships, guns, tanks, bombers and all other munitions of war, plus the needs of the population in civilian goods such as food, clothing, etc., and have then made another estimate of the country's total productive resources. Then we have fitted the one estimate to the other, and discovered the best way to allot our available skill, labor, machines, buildings, raw materials and the rest between all the possible uses of them.

The result has been the miracle of production which we have witnessed in Britain in these war years. Couldn't we do the same thing in peace-time, only allotting a far greater proportion of our resources to civilian needs? Of course we could; that is what we must, and shall, do. Only it involves going over, step by step, to a socialist economic system.

### *Recover the Means*

Socialism implies, then, the recovery of the means of production by the 90 per cent of us who are today deprived of any appreciable ownership of them. I use the term 'recovery' because, as we

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saw in Chapter II, there was a time when many more of us, at any rate, had some ownership of means of production. In that sense socialism is merely going back to the conditions which existed before the rise of modern capitalism. But we go back to a widely distributed ownership of the means of production in a new way. For, in the meanwhile, during the century and a half of capitalism, the scale of the means of production has grown so enormously that it is no longer practical politics, even if it were desirable, to cut them up again into individual parcels. They have now got to be owned collectively, or in common. Under socialism what is divided up amongst the whole people is not the means of production themselves, but their product.

### *Wages Under Socialism*

The second chapter of this book showed that the secret of our troubles lay in the pay envelope. The trouble lay, we found, in the fact that under the present economic system wages are always tending to be driven down towards the subsistence level. How, then, are wages fixed under socialism? For wages still exist in a socialist society. But their amount is fixed quite differently.

Today, as we saw, wages, by and large, and with all the qualifications we noticed, are fixed on what the worker can live on, so that he is fit to do his

## WHAT CAN WE PUT IN ITS PLACE?

job and rear up a family after him. Therefore the amount of wages has nothing to do with the amount which the worker can produce.

In a socialist society, on the contrary, the general level of wages is directly based on the amount of wealth which the workers can produce. If this year the socialist country in question can produce £X million worth of wealth, then the total wages (and allowances, pensions, sick benefits, etc., etc.) can be fixed at £Y million. If next year the country can and does produce £X+1 million worth of wealth, then that next year wages can be, and are, raised to £Y+1 million.

Does this mean, you will ask, that the worker gets the full value of what he produces? Yes, it does. But it does not mean that he will take out all that value individually by way of his particular wage. The product in a socialist society is in fact distributed in three ways.

### *A Threefold Division*

In the first place, the worker gets his individual share in his pay envelope. In the second place, he gets what they call a "social wage". That is to say, a certain proportion of the value of his product is set aside for creating a supply of those kinds of consumers' goods which you cannot conveniently distribute individually. For example, it is set aside for the creation of facilities for trans-

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port, education and recreation on a vast scale, for the provision of schools, roads, parks, gymnasia, playing-fields, workers' clubs and reading-rooms.

Then, again, you cannot, or at any rate should not, distribute that essential consumers' service, medical attention, individually. So part of the wealth which the worker creates goes into supporting vast free medical services, hospital facilities, sanatoria, rest homes, and the like. And then, again, something must be set aside for social insurances, for maintenance payments, if the worker falls ill, or is injured, and to give him an adequate pension in his old age. And, finally, a whole class of what are often called "durable goods" — such as roads, for instance — must also be supplied to the people collectively instead of individually. But, as you can see, all this is merely an arrangement by which the workers increase their total receipts of what the economists call "satisfactions" (i.e., goods and services) by taking out those which are suitable collectively rather than individually.

But then a third part of the wealth which the worker creates has to be set aside for the purpose of making it easier to create wealth in the future. This part has to be set aside, that is to say, first for repairing and maintaining the existing means of production, and secondly for building new and better means of production. And if the socialist country decides that it wants to industrialize itself very rapidly, this may be a big part, running

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up as high as a third of what the workers produce. This part is, as we should call it, reinvested in industry.

### *Socialist Investment*

But what, you will say, is the difference between this and the capitalist process of reinvestment? There is this huge difference. In capitalist countries the surplus, over and above what will keep the workers, goes to the capitalists and their friends as their unrestricted private property. They may or may not reinvest some of this surplus in industry. If they liked, they could spend every penny of it on luxuries, or again simply waste it—by keeping it in bank-notes hoarded in a stocking, for example. And no one would have the least right, under capitalist laws and moral ideas, to object to what they had done. They would only have “done what they liked with their own”.

In a socialist society every penny which is reserved for reinvestment for the purpose of the maintenance and development of the means of production is held in strict trust by the people's own institutions. Then it is all laid out by them, to the very best possible advantage, so that, as soon as the new means of production have been built, they can be used to raise the wages of the people.

In a word, under capitalism it is a toss-up whether the rich choose to reinvest the vast

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wealth which they draw off from us by way of rent, interest and profit. In practice the amount is so large that they have to reinvest a great deal of it, because, do what they will, they cannot spend it. But they reinvest it just according to their own sweet will, and entirely with an eye to what will give them the greatest profit. And the things which will give them the greatest profit are by no means always the most useful things for the community.

Under socialism not a penny of what the people decide to reserve for national development is allowed to become the private property of any individual. It is all held in trust, and reinvested, after careful investigation and thought, by the planning commission to the very best possible advantage, in order to produce increased wealth in the form of more food, more clothes, more furniture, more houses, more motor-cars, and the like, in future years for the people as a whole.

### *Wages Not Equal*

Now we come to an important question. We have seen that the general level of wages in a socialist society is based on the total wealth produced; that it rises as the total wealth which the country can produce increases. But does this mean that everyone will be paid an equal share of this total; that, in a word, wages will be equal?

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No, it does not. At this stage in human development it is still necessary, under socialism, to pay a more skilled worker better than a less skilled worker. It is still necessary to pay the highly skilled fitter in the engineering shop, or the surgeon at the operating table, or the efficient works manager, or the able administrator, or the famous artist, more than the unskilled laborer, or than the boy or girl, whose first job it is to sweep out the factory.

Some socialists used to have the idea that it would be possible and desirable to pay exactly equal wages to everybody under socialism. Indeed, it is often said that all socialists always used to propose this, and that when we now say that this is not so, we are simply making excuses for the fact that in the existing socialist society, the Soviet Union, they do not pay equal wages.

But this is not so, as you can easily prove for yourself. You have only got to look up Karl Marx's pronouncements on the subject in a book called *The Critique of the Gotha Programme*, to see that he was perfectly clear that wages could not and should not be equal under socialism.

But, you may say, what about British socialists? Did not they always say that wages would be equal under socialism? No, that is not the case either. I was interested, for example, in re-reading Robert Blatchford's famous book, *Merrie England*, to come across this passage:

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"You will observe that under practical socialism there would be wages paid; and probably the wages of managers would be higher than the wages of workmen; and the wages of artists and doctors and other clever and highly trained men higher than those of weavers or navvies."

Now, Blatchford's *Merrie England*, as older readers of this book will well remember, was the most famous exposition of socialism published in Britain before the first world war (it sold no less than two million copies). So there is no doubt that in establishing unequal wages the Soviet Union has only done what every socialist who understood socialism always said that socialists would do.

### *Exploitation, Not Inequality, Is the Sin*

"But anyhow," you may say, "even if socialists always did say that this is what they would do, is it right? What improvement is socialism on capitalism if people are still to get unequal pay? Is it not as unjust and unequal as capitalism?"

Stop a minute. What is it that we principally object to under the present economic system? Is what we principally object to the fact that wages are unequal, that people are paid more for skilled than for unskilled work? No, this is not the thing which we object to. What we object to is that the highest pay of all is given for no work at all. What we object to is not inequality of pay between dif-

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ferent workers, but the fact that it is not the workers at all, but a class of rich owners, who in many cases do not work at all, who get the really big pay.

What we object to, in other words, is not inequality of pay, but exploitation, or living off the labor of others. If you are a better workman than I, if you turn out goods worth double what I turn out, you do not exploit me if you are paid double what I am paid. In the present state of economic and social development, I have no complaint against you.

What is wrong is not this sort of inequality. What is wrong is that, at present, you (if you own means of production) may not turn out anything at all, and yet you may be paid, not double, but literally thousands of times, as much as me. That is exploitation; for it means that you are living off my labor. The wealth that you get has got to come from somewhere. It does not appear out of nothing; it comes from my labor and the labor of millions of other workers.

It is exploitation; it is living off the labor of others, that socialism abolishes. A socialist community abolishes exploitation wholly and absolutely, even though it may decide to pay its most skilled workers twice or even ten times as much as its least skilled. For it still pays for work and for nothing else. Moreover, the whole tendency of socialism is, of course, towards equality. Socialism takes an

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enormous first step towards equality by abolishing unearned income and exploitation. But that is not its last step. Chiefly, I believe, by creating plenty for all, socialism will steadily get rid of economic inequality in general.

### *Is Socialism Contrary to Human Nature?*

All this throws light on the old accusation that socialism is contrary to human nature. Well, judge for yourselves. Is it contrary to human nature to pay men strictly in accordance with the value of the work which they do? No work equals no pay; simple unskilled work equals a wage that will keep the man and his family in decency and security; better, more skilled work equals better pay; and so on. Is such an arrangement as that contrary to human nature? It seems to me that such an arrangement is precisely in accordance with human nature. Far from providing no incentive to work, it seems to me to provide a ten times greater and more scientifically adjusted incentive than does the present system.

"Ah," someone may object, "but what about the exceptional man, what about the artist, the actor, the especially talented man? What incentive does he have under socialism? What about the inventor?"

Well, what about him? The artist, the writer, the actor, the gifted man, is simply regarded under socialism as a specially skilled type of work-

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er. Such a worker can, and does, because of his superior talents, get especially high rewards. Why not? Such a talented worker gives a quite exceptional degree of service to society. Why should we grudge him a quite exceptional reward? What we grudge are the vast rewards at present given to those who give nothing in return.

And as to the inventor. He, too, can be, and is, rewarded by special fees, prizes and the like, for his inventions. Moreover, it is a libel on him, as on the artist, to suppose that he will only use his special talents for the sake of special rewards.

In this connection there is a good story told about an inventor in the existing socialist country, the Soviet Union.<sup>1</sup> On one occasion, a visitor to the Soviet Union was shown by its proud inventor a new gadget for an improved process of refining petroleum. After examining the arrangement of pipes, tubes and taps, the inventor asked the Soviet inventor; "But what do you get out of it?"

The inventor, thinking his explanation had been misunderstood, pointed again to one of the taps and said: "You get oil out of it, here."

"Yes, I know that," said the visitor, "but what do you get out of it?"

"Why," repeated the puzzled inventor, "you get the oil out of it."

And so they went on misunderstanding each other for quite a time. From the tourist's point

<sup>1</sup> See *Red Virtue*, by Ella Winter.

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of view the purpose of the invention was to get a personal benefit out of it for the inventor. For the Soviet inventor the purpose of the invention was to get oil out of it.

Now, which attitude is true to human nature? I think the answer is that both attitudes are true to parts of human nature. It is natural for an inventor to want to get some personal benefit out of his invention, and in the Soviet Union he does receive a liberal money reward. But it is also part of human nature for an inventor to want his invention to be of genuine benefit to everybody. Socialism, quite simply and naturally, provides satisfaction for both sides of human nature.

### *Is Capitalism Contrary to Human Nature?*

Whenever I hear this suggestion that socialism is contrary to human nature, I want to ask the opposite question: Is capitalism contrary to human nature? Is it contrary to human nature to give the highest pay to those who do no work at all; to give the lowest pay to those who do the heaviest work? Is it contrary to human nature to pay ninety per cent of the population so little that they cannot buy enough to keep themselves in employment? Is it contrary to human nature to keep several million people permanently idle while they, and many others, lack the very goods that they ought to be producing? Is it contrary to human

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nature deliberately to destroy food, clothes and many other forms of wealth, in order to render the production of further wealth profitable again? Is it contrary to human nature so to arrange things that the only job on which men can get employment is building armaments with which to kill each other? Is it contrary to human nature to send millions of men out to slaughter each other in order to decide who shall possess the markets of the world? Is all this contrary to human nature? I think it is.

### *Socialism Gives Us A Chance*

Socialism is a particular way of organizing the economic life of the world. All the differences between it and capitalism are founded on the fact that, under capitalism, a small group of private persons owns the means of production, while under socialism they are owned by everybody. It is this change in ownership which alone makes it possible to get rid of those scourges, such as under-nourishment, slumps, unemployment, imperialism and war, which afflict the world today. None of these things can be finally got rid of without this change in the ownership of the means of production, or capital, of the country.

✓ Socialism is not Utopia. The establishment of a socialist society does not suddenly make people into saints or heroes. They remain imperfect men

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and women. Therefore all sorts of troubles, of difficulties and of struggles, remain in existence. But socialism gives us a chance. What we make of that chance is still our affair. Socialism can only make a job available for everybody and guarantee everybody who is willing to work a decent, living wage with the opportunity to rise to the top of his chosen vocation. Socialism can only abolish poverty, war and insecurity from the face of the earth. It can do no more, but no less, than that. Socialism, in a word, gives everyone the opportunity to found a home and rear up a family in health and security; to accomplish those few, simple, fundamental things by means of which we can alone fulfil ourselves as human beings, and enjoy a measure of happiness in our short lives.

## CHAPTER XII

### "I HAVE SEEN THE FUTURE, AND IT WORKS"

SOON AFTER the establishment of the Soviet Government a great American journalist, Lincoln Steffens, paid Moscow a visit. When he came back he summed up his experience in the phrase: "I have seen the future, and it works".

That is the thing to remember about the Soviet Union. The thing to remember is that it exists. The thing to remember is that for the first time in history an economic system without any capitalists or landlords has been brought into existence.

That is a fact that you cannot easily get over. You can argue for ever as to the merits of this new economic system, but you cannot argue away the fact that it exists. You cannot argue away the fact that 170 million people are doing without capitalists, landlords and employers; that they are living, working, producing their daily bread, marrying, bearing children, rapidly increasing the population, and drastically changing the whole nature of their country, without the "help" of any capitalists, landlords or employers whatever.

And now they have just beaten the strongest

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army in the world, which had conquered the rest of Continental Europe in three months, and still without the assistance of a single Russian capitalist or landlord.

All arguments as to whether a socialist economic system would work or not are completely out of date since the Russians defeated the Germans. We now know, as a fact, that a socialist economic system can "deliver the goods". For remember, the vast industrial and agricultural effort which has supported the Russian armies has been put forth by a socialist economic system. Field-Marshal Smuts, in a recent (1943) (and very foolish) speech said that the vast strength which Russia had displayed was "incomprehensible" to him. He was literally unable to comprehend how an economic system which had no capitalists or landlords could work. But it can work, for it has worked.

It is true that it took the Russian people twenty years of almost incredibly hard struggle to make their economic system into a socialist one. For many years after the revolution of 1917 Russia was only building up a socialist economic system. For that matter, the structure of this new economic system is not finally completed even now. But now, in respect of its economic foundations, the Soviet Union is a socialist society. As a result of twenty years of extraordinary effort on the part of the Russian people, we now know that a

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socialist economic system can be built up. We know that the thing can be done. That is the new fact in the history of the world.

### *What Have They Got Out of It?*

But, of course, that is only the first fact about the Soviet Union. We all, rightly, want to know, not only whether a socialist economic system can be built up, but also what it is like when it has been built up. We want to know what the Russian people have got out of their system. What are their conditions of life?

Here we come to a field of endless argument, discussion and dispute. Literally thousands of books, and millions of newspaper articles, have been written with the express purpose of persuading us that the Russian people have got nothing good out of socialism; that "really" they are worse off than they would have been if they had left the capital of the country in the hands of the Russian capitalists and gone on working for them.

It is natural for the people who own the means of production in the rest of the world, and for those who speak for them, to write like this. It is obviously of first-rate importance for them to persuade us that the Russians did themselves no good when they took the means of production from the Russian capitalists. So, when we read their stories of how dreadful everything is in

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Russia, we are bound to have our suspicions.

Moreover, it is worth while remembering what the Russian workers have undeniably got by way of benefits to themselves. Then we can set these gains against the stories we are told, in case some, at any rate, of them may be true! Now, no one can deny that the Russian workers have got five things out of their socialist economic system: and you will agree, I think, that all of them are things which we would very much like to have too.

### *Five Solid Things*

1. They have got rid of unemployment. Nobody in Russia need be without a job, ever. Whenever any worker leaves or loses one job, he is certain to receive, not one, but several opportunities of employment from factories, mines, offices and farms, etc., which need extra workers.
2. Russian workers in peace-time work seven hours a day. (No need to tell you that that is worth having.)
3. In peace-time they all have holidays with pay. (No need to tell you that that is worth having.)
4. They have a complete system of non-contributory social insurance by which they are paid their full wages if they are disabled, either temporarily or permanently, by accident or illness, and when they retire from old age.
5. Their rate of wages has slowly, but steadily,

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risen over the past years, and before the war it was rising rapidly. It was still below that of many workers in this country, but it may not long remain so after the end of the war.

Well, these are five definite things, each of which, it seems to me, British workers will think worth a good deal. These are advantages which take a bit of balancing.

### *The Real Product*

These are the things which the Russian people got out of their socialist economic system in peace-time. But we now know that they were little more than by-products. The real product of the first twenty years of the Soviet Government's rule was the Russian army. That army proved itself capable of beating the German army, with all of conquered Europe behind it. That was only done because the Russians had devoted almost all the first fruits of their socialist production to armaments. It is tragic that we live in a world in which it was necessary to do that: but we do, and Russia might not be alive today if she had not done so.

### *The True Comparison*

Then remember that in Russia today they are doing the job which was done in Britain fifty to a hundred years ago. They are laying down the basic industrial equipment of the country. They

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are building new railways, new power-stations, sinking new mines, building new factories everywhere in that vast sub-continent of a place which we call the Soviet Union.

And remember what conditions were like in this country when we were doing that job. The truth is that a hundred and fifty years ago we did that job largely by means of slowly killing whole generations of women and children with overwork. When we, or rather the British capitalists (for it certainly was not the fault of the British workers), were doing that job, British children of six and seven were working fourteen to sixteen hours a day in the mills. British women were underground dragging the coal-tubs. Hours of work were, for most of the time, wholly unlimited. There were no insurances, pensions, or other social services whatever. Wages were very low. In Russia they are still doing that basic job of industrialization.

### *Is Russia “Tough”?*

But, somebody may say, isn't Russia a pretty tough sort of place? What about the purges and the shootings and the lack of civil liberties and the trouble with the peasants, and consequent food shortages, which we used to hear so much about in the British newspapers before Russia became our ally?

Yes, Russia is pretty tough. Things have hap-

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pened there which I, for one, most passionately hope may never happen in Britain. But let us never forget this. It is very largely we and the other capitalist States of the world who have made Russia tough. First we made war on her; then we subsidized all the Russian land-owners and capital owners who had been turned out, to make war on her; then we drew what was called a "sanitary cordon" round her; then we boycotted her; then we refused her all credits; then we refused to make common cause with her against the Nazis, hoping they would attack her. And now people are surprised because she is very tough, pretty rough, depends on nobody but herself, and trusts nobody but herself.

Russia has been through unspeakable difficulties and sufferings, of which the German invasion was only the last: but she has been through them, and has come out one of the strongest nations on earth. This giant strength of Russia is built on the concrete foundations of a socialist economic system. So when next you hear people say that socialism "won't work", just whisper the words, "Like the Russian army?"

## CHAPTER XIII

### WHAT WOULD SOCIALISM BE LIKE HERE?

"BUT ANYHOW," you may say, "Russia is a long way off, and a very different kind of place from this country. Socialism may work well enough in Russia, but that is no guarantee that it would work here. British conditions are absolutely different."

It is quite true that British conditions are very different from those of the Soviet Union. But because they are different that does not mean that they are necessarily less favorable for building up a socialist economic system. As a matter of fact, in many respects they are much more favorable.

#### *Where Is the Money to Come From?*

Anyone who has taken an active part in British political life on the socialist side will often have been asked this question: Where will the money come from? Maybe he has not even been talking about socialism as a new economic system, but merely about some advance towards it—about the nationalization of this or that industry, or the extension of this or that social service.

Where is the money to come from? has asked some skeptical worker. Now, at first sight this

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may not seem a very sensible question. As we saw in the first chapter of this book, Britain is immensely rich. Enough wealth to give everyone quite a decent standard of life was produced in peace-time, and, as the war has proved up to the hilt, far more wealth could be produced. In that sense there is plenty of money available for enormous immediate improvements and for drastic reorganization.

But I think that a real question lies behind this apparently foolish objection as to where the money is to come from. What people are really getting at with this question is something like this. Can we get on without the present capitalist class? Could we build up and manage a socialist society without the help of the men who run industry today?

### *The Flight of Capital*

This fear is sometimes expressed in another way. It is suggested that if we even move in the socialist direction, the capitalists will take all their capital away. Now, capitalists can, and often do, in order to prevent a progressive Government benefiting the workers at their expense, move what is called their money, or "liquid capital", out of the country. They transfer all the money they happen to have lying in the bank, or in stocks and shares which they can sell without much loss, to banks in other countries.

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A progressive Government that really meant business could perfectly well stop this by what is called Exchange Control. It is quite an elaborate business to establish such control, but it is perfectly possible, and it has been done in several instances. (Exchange control has been in force throughout the war. It is merely a question of reimposing it or keeping it on.) In any event, this flight of money-capital is only a weapon against a Government which is still, in the main, carrying on the existing economic system. If it is a question of industries actually being taken over, nationalized, and run by the community, then the question of the flight of capital does not arise. For the removal of money capital can only render difficult the carrying on of the present economic system. It cannot hinder the building up of a new economic system. After all, when capitalists move their money-capital, bank balances, etc., to another country, they only move bits of paper; and production is not carried on with bits of paper. Production is carried on with mines and factories, machines, railways, and the like. And no capitalist can pick up his factory or his railway and move it over to France or America. The force of gravity is a perfect safeguard against the capitalists moving their real capital away, and thus preventing us from socializing it!

Still, this is an important question, especially for us in Britain. For we British socialists intend

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to get rid of capitalism and put a socialist economic system in its place, step by step and by degrees, if we can. For a gradual process of this kind can save us the immense sufferings of a sudden transition, and may actually prove quicker in the end. Thus the British Labor Party intends to pay compensation to the owners of the industries which are nationalized — giving, of course, Government stock in exchange for the shares of the concern which is being taken over. But a transition period of this sort unquestionably gives opportunities for economic sabotage on the part of opponents of the process. Therefore firm counter-measures, of which the maintenance or reimposition of exchange control, if necessary, is the principal one, may prove absolutely indispensable.

### *Who Is to Run Industry?*

What the capitalists can move, of course, is their skill and administrative ability. It is open to the class which owns and controls the industries of the country to leave the country. So the question really boils down to one of whether the British workers, and those who agree with them from the middle class, can run British industry.

I do not see how there can be any doubt that the answer to that question is Yes. The British workers are extremely capable, literate, well-developed people. Many of them are used to under-

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taking very responsible work. There is a vast fund of administrative, managerial and technical ability amongst the British working class.

It is really extraordinary that anyone should doubt the ability of the British workers to carry on the productive system. Why, even the Russians, who had incomparably fewer advantages than we have in this respect, were able to do the job in the end. The Russian people were 90 per cent illiterate, had terribly little technical skill, and almost no managerial or administrative experience. The British workers, who have long managed large-scale Trade Unions and Co-operative Societies, as well as having education and skill, ought not for a moment to doubt their capacity.

### *Could Britain Feed Herself?*

Another of the objections to socialism in this country is expressed in the question, Could Britain feed herself? It is suggested that, unless socialists can prove that Britain could grow, within the British Isles, all the food necessary to sustain the population, socialism is impossible.

Now, the short answer to the question: Could Britain feed herself? is: "Yes, but why should she?" It would no doubt be possible for a socialist Britain, using her soil to the very utmost, and concentrating on the production of those kinds of foods which require least space to grow, to feed

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her entire population. But why on earth should a socialist Britain do anything of the sort? Why should not a socialist Britain get any reasonable proportion she desired of her food-stuffs by importing them from abroad, just as she does now?

### *Socialist Foreign Trade*

I think that the asking of this question is based on an idea that a socialist society could not carry on any foreign trade, especially if other countries of the world remained capitalist. But we now know that this is a completely mistaken idea; for the one existing socialist society, the Soviet Union, carries on a large foreign trade with a world the whole of the rest of which is in capitalist hands.

A socialist country trades with a capitalist one in the following way. The socialist society establishes an exporting organization. This organization sells the characteristic products of the socialist country (in the case of Russia, furs, oil, wheat, timber, etc.) on the markets of the world, at the best price it can get. Then, with the gold or foreign currency it thus obtains, it buys the imports which the socialist country needs. In the case of Russia these are machinery, rubber, the services of some skilled technicians, etc., etc.

Well, what on earth is to prevent a socialist Britain doing just the same? A socialist Britain would establish an export organization to sell coal,

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machinery, textile goods and other characteristic British exports on the markets of the world. Then, with the money thus obtained, it would buy the wheat, butter, meat, raw materials, etc., etc., which form the characteristic British imports.

### *Wages in the Export Trades*

It is a perfectly straightforward transaction. We should, however, notice one characteristic of it. A socialist society does not fix the rate of wages in its exporting industries by the price it can get for its exports at any given moment in the world markets. For example, let us say that a socialist Britain found that at a particular moment the world price of coal was very low, because coal-miners over the rest of the world were being grossly sweated. Would this mean that, in order to compete with coal-producing capitalist countries, it would have to reduce the wages of the British coal-miners to a starvation level?

Of course it would mean nothing of the sort. A socialist Britain would go on paying a proper wage to the British miners and would sell its coal for the best price it could get on the world market.

If this entailed the coal trade, or any other exporting trade, working at a loss, then the loss would be made up out of the surpluses of other socialized industries working for the home market, or out of general taxation, if this was more convenient.

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In a word, a socialist country cannot escape being slightly less rich if the price of one of its main exports falls, without the price of its main imports falling also. But there is absolutely no need to cast this burden exclusively upon the workers who happen to work in the export trade in question. It is quite easy to arrange that it should be borne evenly by the whole community.

### *Blockade*

But undoubtedly there is another consideration in the minds of most people who raise this objection. What they are thinking of is a refusal on the part of the rest of the world to trade with a socialist Britain.

In the first place, we must remember that this would be quite impossible as a permanent policy on the part of the rest of the world, however it was organized. The British market is quite as important to the economic life of, for instance, New Zealand, Australia, Canada, Denmark, the Argentine, as their exports are important for us. Vast interests in all these countries would be ruined if their Governments refused to trade with us.

“But”, the objector will go on, “what I am thinking of is not a permanent policy, but a war situation. May not the fleets and air-forces of hostile capitalist States blockade a socialist Britain and starve her into submission?”

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Now here, of course, is a real question. It is perfectly true that Britain is dependent on maintaining a flow of trade between herself and the rest of the world. But this question of blockade has nothing whatever to do with socialism.

As a matter of fact, the existing capitalist Britain is more likely to suffer an attempt to blockade her than is a socialist Britain. We have already had two such attempts to blockade a capitalist Britain, and they nearly succeeded. In 1917 and again in 1941-42 our German imperialist rivals blockaded us with their submarines and came rather near success. Nothing can exceed the ferocity of the attacks which rival capitalist empires make upon each other. Hence there is at least as much danger of our being blockaded, and an attempt being made to starve us into submission, if we stay capitalist as if we go socialist.

Naturally, going socialist will not in itself avert the possibility of such an attempt being made. It is irrelevant to it, one way or the other. The one thing which is true is that a socialist Britain, no less and no more than a capitalist Britain, must, if it exists in a hostile world, take extremely good care to maintain command of the sea and air routes round it. But a socialist Britain would be in a far better position to do this than a capitalist Britain. As the capitalist world is beginning ruefully to recognize, the establishment of a socialist economic system immensely strengthens a coun-

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try. As everyone now knows, the Soviet Union is far, far stronger than was the old Czarist Empire. The same thing will be true of a socialist Britain.

### *What about the World*

All this argument is very unreal, however. For it is based on the idea that Britain becoming socialist would leave the rest of the world unchanged. But that is impossible. The abolition of capitalism in Britain would be a world-shaking event. It would mean that a second great country had passed from the capitalist camp into the socialist camp. Such a change in the balance of forces between the two would have immense repercussions upon the rest of the world.

Already, after all, a socialist Britain would not be alone in the world. There already exists, in the shape of the Soviet Union, a first-class socialist Power. If there were two such Powers in existence in the world, capitalism would be very much on the defensive. Moreover, although they are not yet socialist countries, Labor Governments exist in two of our great Dominions, Australia and New Zealand. We may be sure that the establishment of a Labor Government in Britain would actually do much to cement the British Commonwealth together.

### *Right the Wrongs!*

Whole books can be written on how socialism

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will be applied in this or that sphere. But the thing to do is not to spend endless time trying to scheme out exactly how this or that economic problem will be dealt with in a socialist Britain. We cannot know this in detail until the time comes to do the job. What we have to do is to concentrate on putting an end to the scourges of capitalism.

While taking care to get a grasp of the nature of our ultimate destination, let us set out immediately to right the wrongs which we see in front of us. Let us set out to end the peace-time under-nourishment of 13½ millions of the British people; to end unemployment; to get decency and security for every British worker; to end war, injustice and exploitation. We shall find that the righting of these wrongs involves the step-by-step abolition of capitalism and the construction of a socialist economic system. For there is no useful improvement which does not lead towards socialism. But at the same time the achievement of particular improvements does not lead to socialism along a smooth or easy path. None of the wrongs of our time will be righted without effort and struggle.

### *The Struggle for Socialism After the War*

It seems probable that the struggle to get social-

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ism will be carried on after this war in new circumstances. The Government has announced various schemes for preventing the recurrence of unemployment, for extending the social services, for an extension of education, etc. If these schemes are carried through, they will, in my opinion, be of real value. But we should note several things about them.

First, they have been proposed mainly because it is becoming clear that the 43 million will not consent to go back to the old conditions of 1939. They represent the concession which, it is considered, it is indispensable to make, lest the people should take much more — lest, in a word, they should take the land and industries of the country —for themselves.

This is not to say that the impact of the war may not have made an impression on the minds of some of our rulers. During a war we are all in the same boat: during this war, in particular, we were all in a boat which in the summer of 1940 very nearly sank! Moreover, after the war Britain will clearly have to put her best foot forward if she is to maintain herself in a strong position in the world. This means that for a time, and to a certain extent, a genuine national interest may emerge; for a time, and to a certain extent, the ruling class of Britain may really try to strength-

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en the country by organizing its economic life, by controlling the most selfish sides of "private enterprise" and by permitting conditions for the 43 million which will enable them to become, at least, really efficient and well-trained workers, and which will also enable them to have big enough and healthy enough families to replace them.

If a combination of our pressure and of the national situation does make our rulers pursue such a policy as this, it will be a very great advantage. For all this is moving in the socialist direction. On the other hand, the history of the period immediately after the last war ought to warn us that promises of great social advances are often made in the last years of a war, only to be broken in the first years of peace. If we want all the schemes and the reports to become something more than scraps of paper it is we ourselves who must be up and doing.

And what we can best do is to work for socialism itself. We shall actually get much more by way of reforms and political advances if we demand socialism itself. Moreover, none of these reforms in itself offers permanent solutions to our problems. They will only work if they are regarded as stepping-stones towards socialism. And you cannot build your home upon a stepping-stone!

## WHAT WOULD SOCIALISM BE LIKE HERE?

Lastly, socialism is not merely a better economic system. Socialism is also—and above all—an ideal. It is a supremely high ideal of how men and women shall some day live on this earth. It will take the efforts of generations of men and women fully to realize this ideal. That is precisely why millions of men and women are finding that to make their country into a socialist community is the only cause which is big enough for them to devote themselves to today. For what other cause is great and enduring enough to engage our lives?

That is why a series of "halfway-house" reforms, even if they worked much better than seems probable, would never feel right. We men and women of today will find our fulfilment only by working to realize the ideal of socialism itself in Britain.

## CHAPTER XIV

### HOW TO GET THERE

#### *Who Rules the Country?*

YOU CANNOT build up a socialist society without first getting the power to build it. The question of power is the great question of political life.

Who rules in any given community? The answer is, those people rule who own the industries and land of the country. This is a fundamental political truth. It is only on the basis of this truth that one can talk sense about politics.

Surely this truth is obvious enough? Put it this way. Imagine a country in which a certain group of men owned the entire water supply. Would not this group of "water-supply-owners" rule that country? Could not a child tell you that so long as they managed to hold on to the water supply, they could dictate to the rest of the people? It might be that the rest of the people had the right to elect their rulers. But the owners of the water supply would say, "If you do not elect us, we will cut off the water." Therefore the people's right to elect whom they pleased to rule them would be, in practice, almost worthless.

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The position in Britain today is not as bad as that, but it is something like it. The 4 million own the means of production without the use of which we cannot get our livelihoods. We have a perfect right to refuse to elect a single one of the 4 million to sit in Parliament or form the Government. But, if we do, the 4 million may begin to cut off the water supply. They may begin, to be plain, to refuse to use the means of production or to let us use them. They may create what is called a financial crisis, or panic, or slump in which more and more of us become unemployed and destitute. And, unless we take the counter-measures described in the last chapter (mainly exchange control) we shall remain so until we become good boys and girls again and re-elect the representatives of the 4 million to govern us!

He who owns "the means of production" rules the country, whatever its constitution may be, until and unless he is effectively turned out either of the control or the ownership of them.

### *The Question of Violence*

In other words, the road to socialism lies through the taking of political power out of the hands of the 4 million, and putting it into the hands of the 43 million. Now, this is a much bigger thing to do than simply to change the Government

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of the country. It involves far more than the replacing of a National or Conservative Government by a Labor Government. All the same, such a change of Government is a first step in this direction. That is why all socialists and communists work to change the Government.

But we delude ourselves if we think that such a change of Government will in itself mean a transfer of power from the 4 to the 43 million. How will that transfer of power be effected? That I cannot tell you. For, in order to do so, I should have to be able to foresee future events.

But, you will ask, do I mean that it must come about by violence? Must there be revolution and civil war? Can we not get socialism without passing through this terrible ordeal?

Now, this question of violence is not really a very complex one. But we have allowed ourselves to be confused by the terrific propaganda which the spokesmen of those whose interest it is to prevent any change make on this question. They suggest that socialists, and, in particular, communists, are desperate and evil persons who want to use violence for the sake of violence, and will not abide by democratic decisions. Quite simply, all this is a lie. There is nobody outside a lunatic asylum who does not wish to do everything in his power

## HOW TO GET THERE

to avoid this country being involved in social violence and civil war. We socialists are determined to maintain this country's democratic system. Indeed, we spend a very great deal of our time defending democracy from the attacks upon it which the fascists and their friends are always making.

But what we do say is this. We cannot pretend to the people of this country that we think that the representatives of the 4 million are certain to abide by democracy, if and when the people have voted, perhaps not even for socialism, but for the righting of certain wrongs which involve disturbance of the 4 millions' property rights. They may try, to return to the analogy I have just used, to cut off the water supply if we do not go on voting for them. They may try to create a financial panic or slump if a democratic Government attempts to enact any serious progressive legislation at all.

A democratic Government must not yield to such blackmail. Such a Government must push on with its progressive programme in spite of the sabotage of capital. It must, if necessary, take over industries which the employers are no longer willing to conduct, and thus give the people their employment back again. Nor can we deny that it is possible that the representatives of the 4 million will try to use violence against such a deter-

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mined democratic Government, which they have failed to scare off by economic sabotage.

In that case, the question of avoiding an actual outbreak of violence will depend on the democratic Government acting swiftly enough to prevent the 4 million and their representatives from getting the chance to plunge the country into chaos. We reserve the right, in a word, to meet violence on the part of the reactionaries in the only way that it can be met, namely, by the quick, short, decisive use of constitutional power in order to prevent the overthrow of democracy. And constitutional power means, in the last analysis, the right of a lawfully elected Government to use the police forces and the other armed forces (though that should certainly never be necessary) to enforce the will of the country on a recalcitrant minority.

In principle there is no more to be said on the subject of violence and non-violence than that. Everybody, of course, hopes that social change will come in the most peaceful ways possible. But we cannot allow change to be prevented by the unchallenged violence, first economic and then physical, of the 4 million. For, to resign ourselves to the continuance for ever of the capitalist system because our present rulers might use violence to prevent it being abolished, would be to condemn the world to an endless series of world wars.

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### *Who Is to Do the Job?*

Who, then, is to do the job of making Britain into a socialist country? It will be nobody else but ourselves. The people of Britain, the 43 million who have lost all real ownership in the means of production, must do the job of making Britain into a socialist country, or it won't be done at all. But 43 million people cannot act together without preparation and organization. They must become conscious of common interests and common purposes; they must build up organizations designed to achieve these common purposes; and, in the case of such a far-reaching purpose as the transformation of their country into a socialist community, they must weld their organizations into a united "movement".

### *The Labor Movement*

There has grown up within capitalism the nucleus of the organizations which will succeed it. There have grown up, as a reaction to the conditions imposed on the people by capitalism, organizations designed to protect the interests of the wage-earners. These are the Trade Unions, the Co-operative Societies and the working-class political parties. The "Labor movement" which these

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organizations constitute represents the instinctive determination of the 43 million to protect themselves, to some extent at any rate, against the absolute rule of the 4 million.

The Trade Unions prevent the employers fixing wage rates, conditions and hours as near subsistence level as they please, without taking any account of the workers' point of view. The Co-operative Societies make it possible for organized consumers to get a certain amount of their wants satisfied without paying a tribute of profit to the 4 million. The political parties of the working class, by putting pressure on the representatives of the 4 million, extract concessions by way of social services, pensions, insurances and the like for the 43 million. It is out of this Labor movement that the new State which is to represent the interests of the 43 million can be built.

Britain cannot be made into a socialist country by any other agency except the Labor movement. That is why, for socialists, criticisms of the Labor movement are, in one sense, beside the point. Everybody knows that the British Labor movement, like everything else made by man, is full of shortcomings and imperfections. But for socialists the existence of such shortcomings and imperfections can never be a reason for failing to join the Labor movement: on the contrary, they

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will merely increase every socialist's sense of the urgency of getting on with the job.

For socialism cannot be imposed on a people from above. We have got to get it for ourselves. That is another reason why all the Government's post-war reconstruction plans, important as some of them may prove (if we see to it that they are really carried out), can never be a substitute for socialism.

Nor unfortunately can socialism ever be achieved by means of all the 43 million of us who will directly benefit from it suddenly taking up the study of socialism, deciding that they want it and getting it. That is not the way people's minds work. It is very important indeed that as many people as possible should take up the serious study of socialism — and that doesn't mean reading one little introductory book like this; it means a study of economics, political theory and scientific philosophy at least as considerable as a normal course for a degree at a university. Obviously, however, only a small minority of people can undertake a serious course of study such as that. No, socialism will be achieved in the way it is being achieved, namely by the working people of this country — all, that is to say, who work for wages by hand or brain — banding themselves together into Trade Unions, Co-operative Societies,

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ties, and a political party and then welding these three forms of organization into "the Labor movement". The British people have done this, and are doing this, not in response to any theory which they have read about in books, but in response to the practical needs of their daily lives: they have built Trade Unions to protect their hours and wages, Co-ops. to protect them against profiteering, and the Labor party to force the Government to extend social service, develop education, and to get a hundred other reforms. (Historically, as a matter of fact, the Labor Party was formed to protect the Trade Unions, which [about 1900] were being savagely attacked by the representatives of the employers in Parliament.)

As this practical day-to-day work of the Labor movement has gone on, more and more men and women in it have come to realize that all this activity is going in one direction: it is going towards socialism. As this or that step forward is achieved, it has become clearer and clearer that the goal of a just and happy country cannot be reached until capitalism has been abolished and socialism built up in its place. The desire for socialism grows naturally out of the practical struggle of the working people for better conditions of life, here and now. Therefore everybody who wants to be of real use in the task of making Britain into a

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socialist country must join in the work of one part or other of the Labor movement.

It isn't good enough just to read about socialism, or even to advocate it in theory. The real thing to do is to identify yourself, in one way or another, with the hard, practical work of the Labor movement in improving the conditions of life of the common people.